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Public Accounts

For the Fiscal Year Ended
March 31, 2002

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July 11, 2002
Victoria, British Columbia

Lieutenant Governor of the Province of British Columbia

MAY IT PLEASE YOUR HONOUR:

The undersigned has the honour to present the Public Accounts of the Government of the Province of British Columbia for the fiscal year ended March 31, 2002.

GARY COLLINS
Minister of Finance

Ministry of Finance
Victoria, British Columbia
July 11, 2002

Honourable GARY COLLINS
Minister of Finance

I have the honour to submit herewith the Public Accounts of the Government of the Province of British Columbia for the fiscal year ended March 31, 2002.

Respectfully submitted,

ARN VAN IERSEL
Comptroller General

British Columbia's Public Accounts

Setting The Course

The Public Accounts represent one of the province's key accountability documents to the citizens of British Columbia. They are a report on the province's financial status and operations, against the financial plan (the Estimates) tabled in the Legislature. The Public Accounts must be comprehensive, accurate, timely and independently verified to maintain the trust and confidence of all readers.

To ensure the Public Accounts meet their accountability and reporting objectives, the Office of the Comptroller General, in co–operation with the Select Standing Committee on Public Accounts of the Legislature, the Auditor General, government ministries, and other public bodies, continuously strives to make improvements to the Public Accounts, such that we maintain our leadership role in accounting and reporting for senior governments in Canada. For fiscal 2001/02, the following improvements to the Public Accounts have been made:

1. completion of the Public Accounts by July 11, 2002, a full 19 days ahead of last year, and well ahead of the legislated deadline of August 31
2. a new statement of financial position and statement of change in net liabilities, all in accordance with the latest direction from the independent Public Sector Accounting Board (PSAB)
3. inclusion of land improvements as a capitalized item for the first time, thereby completing our capitalization of assets program.

In accordance with an updated *Budget Transparency and Accountability Act* that was passed by the Legislature in August 2001, the Province of British Columbia is the first senior government in Canada to legislate the use of Generally Accepted Accounting Principles (GAAP) as the basis for its budget and Public Accounts. The legislation calls for implementation of GAAP by no later than April 1, 2004. The legislation of GAAP for our budget and accounting policies will ensure that British Columbia follows the most recent standards and practices of the accounting profession and remains a leader in financial disclosure.

It should be noted, however, that British Columbia has always closely followed the recommendations of the Canadian Institute of Chartered Accountants. We already follow GAAP with only two significant exceptions: (1) exclusion of Schools, Universities, Colleges and institutes, and Health care organizations (SUCH) from the government reporting entity, and the use of prepaid capital advances (PCAs) for funding the capital requirements of these organizations; and, (2) the use of an expense–based bottom line as is done in the private sector. These exceptions in the interests of full disclosure have always been summarized in the notes to the financial statements, including their financial effect. In addition, the Auditor General has always agreed to the expense basis of reporting and the use of PCAs as a preferred basis of reporting. It is expected that within the next year, PSAB itself will adopt the expense–based bottom line as its standard.

With the legislation of GAAP, we are committed to removing the above–noted exceptions. To assist us in this task, the legislation also called for the formation of an Accounting Policy Advisory Committee that has now been struck. This committee provides the Minister of Finance with independent and expert advice on how GAAP should best be applied. The movement to full GAAP will take a couple of years, since the inclusion of the SUCH sector in the reporting entity has major implications for how we budget. We will, however, as has been done in the past, fully disclose the impact of including the SUCH sector in our supplementary information to the Public Accounts.

British Columbia continues with its "One Bottom Line", i.e., the Summary Financial Statements of the province including ministries, Crown corporations and other agencies. We also continue to make use of the Internet as an information distribution tool recognizing the importance of this medium and its ease of access. Readers will notice that for supplier reporting, we now have broken our summaries into two parts: the first deals with payments made to March 31st, whereas the second is for the following month of April. This change was necessary to further improve the timeliness of the Public Accounts. In effect, it provides more information as the month of April report includes payments for both old and new year. Readers can review the full Public Accounts package at www.gov.bc.ca/fin. As in the past, a browser is included for more quickly finding the information you are looking for.

I would like to thank the Select Standing Committee on Public Accounts of the Legislature, government ministries, Crown corporations and agencies, and the Office of the Auditor General for their advice and assistance in producing the 2001/02 Public Accounts. Without their continued support it would not have been possible to further advance the release date. We look forward to a continuing positive and productive relationship.

If you have any comments or questions regarding the Public Accounts documents, please contact me by mail at PO Box 9413 STN PROV GOVT, Victoria BC V8W 9V1, by e-mail at Arn.vanIersel@gems8.gov.bc.ca, by telephone 250 387-6692, or by fax 250 356-2001.

ARN VAN IERSEL
Comptroller General

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Public Accounts Content

Provincial Financial Reporting Overview—provides a written commentary on the Summary Financial Statements plus additional information on the financial performance of the government.

Summary Financial Statements—these audited statements have been prepared to disclose the financial impact of the government's activities. They aggregate the Consolidated Revenue Fund and government organizations (taxpayer–supported Crown corporations and agencies) and government enterprises (self–supported Crown corporations and agencies).

Supplementary Information (Unaudited)—this section provides supplementary schedules containing detailed information on the results of those Crown corporations and agencies which are part of the government reporting entity.

Additional information is also included on the impact of including schools, universities, colleges and institutes, and health care organizations, in the government reporting entity. Currently, they are not considered part of the government reporting entity because each is part of a province–wide program and is locally based and has an initial accountability to a local board.

Consolidated Revenue Fund Extracts (Unaudited)—the Consolidated Revenue Fund (CRF) reflects the core operations of the province as represented by the operations of government ministries and legislative offices. Its statements are included in an abridged form. The CRF Extracts include a summary of the CRF operating result, a schedule of net revenue by source, a schedule of expenses, a schedule of financing transactions, and a schedule of write-off, remission and forgiveness, as required by statute.

Provincial Debt Summary—presents schedules and statements that provide further details on provincial debt and reconcile the Summary Financial Statements to the province's total debt as reported in the Debt Statistics report. Also included are the audited Summary of Provincial Debt, Key Indicators of Provincial Debt and Summary of Performance Measures.

This publication is available on the Internet at: www.fin.gov.bc.ca

Additional Information Available

The following information is available only on the Internet at: www.fin.gov.bc.ca

Consolidated Revenue Fund Supplementary Schedules—this section contains schedules that provide details of financial activities of the province's Consolidated Revenue Fund, including details of expenses by ministerial appropriations, together with an analysis of statutory appropriations, Special Accounts and Special Funds, and financing transactions.

Detailed Schedules of Payments—this section contains detailed schedules of salaries, wages, travel expenses, grants and other payments.

Financial Statements of Crown Corporations and Agencies—this section contains links to the audited financial statements of those Crown corporations and agencies which are included in the government reporting entity.

Trust Funds Financial Statements—this section contains the audited financial statements of the pension, superannuation and long–term disability funds administered by the province. A summary of financial information for trust funds is also included in this section.

Summaries of Financial Statements of Corporations and Agencies to which the Financial Information Act applies—this section contains summaries of the financial statements of corporations, associations, boards, commissions, societies and public bodies required to report under the *Financial Information Act* (R.S.B.C. 1996, chap. 140, sec. 2).

Provincial Financial Reporting Overview

The focus of the province's financial reporting is the Summary Financial Statements, which consolidate the operating and financial results of the province's Crown corporations and agencies with the Consolidated Revenue Fund. These are general–purpose statements designed to meet, to the extent possible, the information needs of a variety of users.

The Public Accounts are prepared in accordance with the *Financial Administration Act*, and the *Budget Transparency and Accountability Act* (BTAA).

The BTAA was amended in 2001 with the passing of Bill 5. The government has mandated under section 20 of that Bill that "all accounting policies and practices applicable to documents required to be made public under this Act for the government reporting entity must conform to generally accepted accounting principles (GAAP)". This move to fully comply with GAAP must be completed by April 1, 2004.

For senior governments, GAAP is generally considered to be the recommendations and guidelines of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). While the province generally follows the recommendations of PSAB, there are four areas that will be reviewed in the move to full GAAP reporting:

i) schools, universities, colleges and institutes, and health care organizations (SUCH sector) will be examined to determine whether or not they belong in the government reporting entity (GRE)

ii) prepaid capital advances, currently used to capitalize grants to entities outside the GRE for tangible capital assets, will be reviewed to determine if they are still required once the move to fully comply with GAAP is complete

iii) the private sector balance sheet will be modified to meet the PSAB criteria for the net liabilities format of the balance sheet. This change has been made in the current year. The main impact of this change is that the balance sheet has now been replaced by a Statement of Financial Position, which focuses on net liabilities.

iv) it is expected that PSAB will change their operating statement recommendations from expenditure–based accounting to expense–based accounting. The province currently reports using an expense–based operating statement.

An Accounting Policy Advisory Committee has been established as an independent body and will assist the province in addressing these four issues.

The Public Accounts are printed in one volume and include the Overview, the Summary Financial Statements, Supplementary Information, the Consolidated Revenue Fund Extracts, and the Provincial Debt Summary. Additional information is available to the public on the Internet at: www.fin.gov.bc.ca.

Pension Accounting

As various pension funds progress toward net asset status, joint trusteeship agreements between the members of the pension plan and the government become advantageous. In June 2001, the Public Service Pension Plan entered joint trusteeship, resulting in the control of the plan and its assets being assumed by newly constituted boards made up of government and plan member representatives. Under the agreement, the government has no formal claim on pension plan surpluses and is liable for only 50 per cent of any unfunded liabilities. This change requires that the government eliminate the unfunded liability balance and record only half of future actuarial balances. In April 2001, similar joint trusteeship agreements were entered into for both the Municipal Superannuation Plan and the Teachers' Pension Plan, resulting in similar changes to balances this year (*see* Note 17 and Note 34 to the audited Summary Financial Statements).

Summary Accounts Surplus (Deficit) for the Fiscal Year Ended March 31, 2002

	In Millions		
	2001/02 Estimates[1]	2001/02 Actual	2000/01 Actual
Consolidated Revenue Fund	$	$	$
Revenue	22,737	22,962	24,013
Expense[2]	(24,808)	(24,913)	(22,465)
	(2,071)	(1,951)	1,548
Liquidation dividend		256	
	(2,071)	(1,695)	1,548
Crown Corporations and Agencies			
Taxpayer–supported Crown corporations and agencies	(333)	(518)	(227)
Self–supported Crown corporations and agencies (net of dividends paid to the Consolidated Revenue Fund)	66	(484)	157
Net Crown corporations and agencies' operating result	(267)	(1,002)	(70)
Summary account surplus (deficit) before forecast allowance and Joint Trusteeship Agreements	(2,338)	(2,697)	1,478
Forecast allowance[3]	(500)		
Gain (loss) on pension settlement	1,338	1,464	(52)
Summary accounts surplus (deficit)	**(1,500)**	**(1,233)**	**1,426**

[1]Estimates 2001/02.

[2]Consolidated Revenue Fund expense includes restructuring exit expenses.

[3]This allowance in the Estimates numbers is to provide for spending pressures or revenue reductions that could not be anticipated at the time the Estimates were prepared.

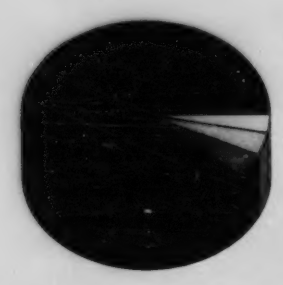
Summary Accounts Accumulated Surplus (Deficit) for the Fiscal Year Ended March 31, 2002

	In Millions	
	2001/02 Actual	2000/01 Actual
	$	$
Summary accounts accumulated surplus (deficit)—beginning of year	(3,509)	(4,970)
Adjustments[1]	32	35
Summary accounts accumulated surplus (deficit)—beginning of year—as restated	(3,477)	(4,935)
Summary accounts surplus (deficit)	(1,233)	1,426
Summary accounts accumulated surplus (deficit)—end of year	**(4,710)**	**(3,509)**

[1]See Note 26 Accumulated Surplus (Deficit) of the Summary Financial Statements for additional information.

Revenues and Expenses Charts for the Fiscal Year Ended March 31, 2002

Revenue by Category

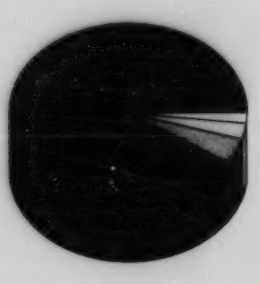


- Taxation 54.71%
- Natural resources 12.70%
- Contributions from the federal government 12.46%
- Fees and licences 8.7%
- Self-supported Crown corporations 4.22%
- Miscellaneous 4.03%
- Investment earnings 3.18%

Revenue by Main Source

- Own Source 87.54%
- Contributions from the federal government 12.46%

Expense by Function



- Health 35.73%
- Education 24.60%
- Social Services 12.22%
- Natural resources and economic development 6.58%
- Interest 5.93%
- Transportation 5.48%
- Protection of persons and property 4.65%
- Other 2.92%
- General government 1.89%

Expense by Group Account Classification

- Government Transfers 68.06%
- Salaries and Benefits 9.68%
- Operating Costs 9.48%
- Interest 8.48%
- Other 2.33%
- Amortization 1.97%

Detailed Summary Accounts Surplus (Deficit) for the Fiscal Years Ended March 31

In Millions

	2001/02 Estimates	2001/02 Actual	2000/01 Actual[1]	1999/00 Actual[1]	1998/99 Actual[1]	1997/98 Actual[1]
Consolidated Revenue Fund (CRF)	$	$	$	$	$	$
Operating result before joint trusteeship[2] ...	(2,071)	(1,695)	1,548	(383)	(281)	81
Taxpayer–supported Crown Corporations and Agencies[3]						
BC Transportation Financing Authority.....			1	22	(114)	52
British Columbia Buildings Corporation	40	37	51	45	49	39
British Columbia Ferry Corporation.....	3	(23)	11	(299)	(114)	(59)
Forest Renewal BC	(107)	(179)	(64)	1	(265)	(88)
552513 British Columbia Ltd (Skeena Cellulose Inc).....	(53)	(69)				
Other	(7)	(6)	32	(44)	9	40
	(124)	(240)	31	(275)	(435)	(16)
Net transfers from (to) the CRF.....	(18)	(273)	(69)	(78)	(14)	(20)
Other accounting adjustments[4].....	(191)	(5)	(189)	949	(368)	(278)
	(333)	(518)	(227)	596	(817)	(314)
Self–supported Crown Corporations and Agencies[3]						
British Columbia Hydro and Power Authority.....	420	403	446	416	395	408
British Columbia Liquor Distribution Branch.....	616	637	642	617	616	606
British Columbia Lottery Corporation	585	606	562	532	456	290
British Columbia Railway Company.....	1	(107)	(7)	(582)	24	40
Insurance Corporation of British Columbia	35	(251)	139	96	74	14
Other	3		4	1	(23)	(24)
	1,660	1,288	1,786	1,080	1,542	1,334
Net transfers from (to) the CRF.....	(1,393)	(1,420)	(1,431)	(1,376)	(1,348)	(1,260)
Other accounting adjustments[5].....	(201)	(352)	(198)	106	(99)	(8)
	66	(484)	157	(190)	95	66
Forecast allowance.....	(500)					
Gain (loss) on pension settlement.....	1,338	1,464	(52)			
Summary accounts surplus (deficit)	**(1,500)**	**(1,233)**	**1,426**	**23**	**(1,003)**	**(167)**

[1]Figures have been restated to reflect material changes in government accounting policies.

[2]Consolidated Revenue Fund operating result includes the liquidation dividend from Forest Renewal BC and restructuring exit expenses.

[3]See pages 72 and 73.

[4]Fiscal 2001/02 includes adjustments made to transfer the revenue recognition of deferred capital contribution ($187 million) to contributed surplus in the BC Transportation Financing Authority.

[5]Fiscal 2001/02 includes transfers of British Columbia Lottery Corporation revenue to charities and local governments, adjustments to the British Columbia Hydro and Power Authority rate stabilization account, and adjustments to the Insurance Corporation of British Columbia and the British Columbia Railway Company financial results to bring them in line with the government fiscal year.

Reconciliation of Summary Accounts
Net Revenue / Expense to Gross Revenue / Expense
for the Fiscal Year Ended March 31, 2002

In Millions

	2002			2001
	Revenue $	Expense $	Net Surplus (Deficit) $	Net Surplus (Deficit) $
Net Consolidated Revenue Fund[1]	23,218	(24,913)	(1,695)	1,548
Consolidated Revenue Fund recoveries[2]	2,468	(2,468)		
Gross Consolidated Revenue Fund[3]	25,686	(27,381)	(1,695)	1,548
Taxpayer–supported Crown corporations and agencies[4]	2,945	(3,185)	(240)	31
Self–supported Crown corporations and agencies[5]	1,085		1,085	1,725
Adjustments to eliminate transfers between organizations and co–ordinate accounting policies	(4,017)	2,170	(1,847)	(1,826)
Gross revenue/expense for the year ended March 31	**25,699**	**(28,396)**	(2,697)	1,478
Gain (loss) on pension settlement			1,464	(52)
Surplus (deficit) for the year ended March 31			**(1,233)**	**1,426**
Gross revenue/expense for the year ended March 31, 2001	**27,848**	**(26,370)**		

[1]Net Consolidated Revenue Fund revenues and expenses include the liquidation dividend from Forest Renewal BC and restructuring exit expenses.

[2]The Consolidated Revenue Fund (CRF) recoveries represent amounts earned and applied against expenses. Recoveries include costs and amounts recovered from outside the CRF, the offset for commissions paid for revenue collection, and bad debt expense for various revenue accounts.

[3]Represents the CRF total revenue and expense after adding recoveries to show total spending.

[4]Represents the revenue and expense of taxpayer–supported Crown corporations and agencies fully consolidated into the government reporting entity.

[5]Represents the net revenue (after deducting expenses) of self–supported Crown corporations and agencies brought into the government reporting entity on a modified equity basis.

Summary Accounts Staff Utilization[1]
for the Fiscal Year Ended March 31, 2002

	2002 Estimates	2002 Actual	2001 Actual
Consolidated Revenue Fund (CRF)[2]	34,844	33,214	33,269
Taxpayer–supported Crown corporations and agencies[3]	9,034	8,897	8,926
CRF employees funded by Crown corporations and agencies[4]	310	281	310
Total staff utilization	**44,188**	**42,392**	**42,505**

[1]Staff utilization is the full time equivalent of the number of persons employed in the fiscal year whose salaries are paid by taxpayer–supported entities within the Summary Accounts.

[2]See the Consolidated Revenue Fund Schedules at www.fin.gov.bc.ca for details of amounts included in this total.

[3]See financial statements of Crown corporations and agencies at www.fin.gov.bc.ca for details of amounts included in this total.

[4]This is comprised of 194 employees of the Ministry of Forests and 87 employees of the Ministry of Sustainable Resource Management who are funded by Crown corporations and agencies.

Definitions

Consolidated Revenue Fund (CRF)—includes the taxpayer–supported activities of the General Fund and special funds of government through which the government delivers central government programs. It does not include the activities of government operated through Crown corporations or agencies.

Consolidation—the methods used to combine the results of Crown corporations and agencies with the Consolidated Revenue Fund. The two methods used are:

(i) full or proportional consolidation—the accounts of the Crown corporation or agency are adjusted to a basis consistent with the accounting policies of the government. The operating result and financial position of the Crown entities are combined on a "line–by–line" basis. Inter–entity accounts and transactions are eliminated upon consolidation. Proportional consolidation differs from full consolidation in that only the government's portion of operating and financial results is combined on a "line–by–line" basis.

(ii) modified equity consolidation—the original investment of the government in the Crown corporation or agency is initially recorded at cost and adjusted annually to include the net earnings/losses and other net equity changes of the entity. There is no adjustment to conform to government accounting policies. Since the government ensures the ongoing activities of self–supported Crown corporations and agencies, full account is taken of losses in these entities, even when cumulative losses exceed the original investment. Accounts and transactions between self–supported entities are not eliminated; however, profit elements included in such transactions, including certain increases in contributed surplus, are eliminated.

Debt—represents the par value of the debt less sinking fund balances, internally held debt and unamortized discounts and premiums.

Deficit—meaning is dependent upon the statement to which it applies:

(i) Statement of Financial Position: the accumulated deficit is the amount by which the total liabilities of the government exceed its total assets

(ii) Statement of Operations: the annual deficit is the amount by which the total annual expenses for the operating year exceed total annual revenues (*see* "Surplus" definition).

Entitlement—a government transfer that the government must make if the recipient meets specified eligibility criteria. Entitlements are non–discretionary in the sense that both eligibility criteria and the amount of the payment are prescribed in a statute or regulation.

Financial Assets—assets on hand at the end of the accounting period, including cash and assets that are convertible into cash and are not intended for consumption in the normal course of activities, that could provide resources to discharge existing liabilities or finance future operations.

Government business partnership—a government partnership that has all the following characteristics:

(i) is a separate legal entity with the power to contract in its own name and that can sue or be sued

(ii) has been delegated the financial and operational authority to carry on a business

(iii) sells goods and/or services to individuals and organizations outside the government reporting entity as its principal activity, and

(iv) can, in the normal course of its operation, maintain its operations and meet its liabilities from revenue received from sources outside the government reporting entity.

Government partnership—a contractual arrangement between the government and a party or parties outside the government reporting entity that has all the following characteristics:

(i) the partners co–operate toward achieving significant, clearly defined common goals

(ii) the partners make a financial investment in the government partnership

(iii) the partners share control of decisions related to the financial and operating policies of the government partnership on an ongoing basis, and

(iv) the partners share, on an equitable basis, significant risks and benefits associated with the operation.

Government transfers—transfers of money from government to an individual, organization or another government from which the government making the transfer does not:

(i) receive any goods or services directly in return

(ii) expect to be repaid in the future, nor

(iii)expect a financial return.

Grants—a government transfer made at the sole discretion of the government. The government has the discretion to decide whether or not to make the grant, the conditions to be complied with, if any, the amount of the grant and to whom to provide the grant.

Definitions—Continued

Net liabilities—the amount by which the total liabilities of the government exceed its total financial assets. The separate calculation of this number on the Statement of Financial Position is unique to financial statements for Canadian senior governments. Can also be referred to as "net debt"; however, as this term can be confused with the term "debt" (see definition), the more descriptive net liabilities terminology is used by this province. Excludes non-financial assets such as buildings and prepaid expenses from total assets on the Statement of Financial Position.

Provincial government direct debt—combines the government direct operating debt and the debt incurred to finance education, health facilities and public transit. This combined portfolio represents the debt for which the government has direct responsibility for the associated debt service costs.

Self-supported Crown corporations and agencies—all Crown corporations and agencies that are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the Legislature and are owned or controlled by the government. In addition, they must also carry on a business that sells goods and/or services to persons outside the government reporting entity as their principal activity and maintain operations and meet liabilities from revenue received outside the government reporting entity in the normal course of operations. This also includes the government's interest in government business partnerships.

Summary Accounts—the financial position and operating result of the government reporting entity including the Consolidated Revenue Fund and Crown corporations and agencies; the amounts represented by the Summary Financial Statements of the government.

Surplus—meaning is dependent upon the statement to which it applies:

(i) Statement of Financial Position: the accumulated surplus is the amount by which the total assets of the government exceed its total liabilities

(ii) Statement of Operations: the annual surplus is the amount by which the total annual revenues for the operating year exceed total annual expenses (*see* "Deficit" definition).

Taxpayer-supported Crown corporations and agencies—all Crown corporations and agencies outside the Consolidated Revenue Fund that are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the Legislature and are owned or controlled by the government. In addition, they must not meet the criteria for being self-supported. This also includes the government's interest in government partnerships that are not government business partnerships.

Transfers under agreements (including shared cost)—a government transfer that is a reimbursement of eligible expenditures pursuant to an agreement between the government and the recipient. The recipient usually spends the money first, and the government has some input into how the money is spent.

Summary Financial Statements

Province of British Columbia

For the Fiscal Year Ended
March 31, 2002

Report of the Auditor General of British Columbia

ON THE SUMMARY FINANCIAL STATEMENTS OF THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA

To the Legislative Assembly
of the Province of British Columbia

I have audited the summary financial statements of the Government of the Province of British Columbia consisting of the statement of financial position as at March 31, 2002, and the statements of operations, changes in cash and temporary investments, and changes in net liabilities for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

As required by the *Auditor General Act*, I advise Members of the Legislative Assembly these financial statements are presented in accordance with the stated accounting policies and on a basis consistent with that applied to the comparative amounts of the preceding year. In addition, I advise that I have been provided all of the information I required.

Reservation

In note 1 to these financial statements, the Government reports that its stated accounting policies are not fully consistent with generally accepted accounting principles for senior governments as recommended by The Canadian Institute of Chartered Accountants. Consequently, these financial statements do not include the complete planned and actual financial results of schools, universities, colleges and institutes, and health care organizations.

. . . 2

Had a complete accounting been provided as at March 31, 2002, it would be expected that financial assets increase by $2,828 million ($2,531 million at March 31, 2001), liabilities increase by $3,102 million ($2,535 million at March 31, 2001), non-financial assets increase by $3,129 million ($2,728 million at March 31, 2001), and the accumulated deficit decrease by $2,855 million ($2,724 million at March 31, 2001). Similarly, for the year ended March 31, 2002, revenues increase by $2,214 million ($1,841 million for 2001), expenses increase by $1,989 million ($1,787 million for 2001), and the annual deficit decrease by $225 million (surplus increase by $54 million for 2001).

Opinion

In my opinion, except for the effects of my reservation explained in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Government of the Province of British Columbia as at March 31, 2002, the results of its operations and the changes in net liabilities and its cash and temporary investments for the year then ended, in accordance with generally accepted accounting principles for senior governments as recommended by The Canadian Institute of Chartered Accountants.

Wayne Strelioff

Victoria, British Columbia
May 24, 2002

Wayne Strelioff, CA
Auditor General

Statement of Responsibility for the Summary Financial Statements of the Government of the Province of British Columbia

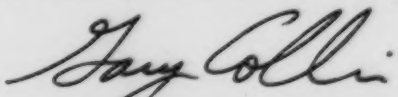
Responsibility for the integrity and objectivity of the Summary Financial Statements of the Government of the Province of British Columbia rests with the government. These financial statements are prepared by the Comptroller General in accordance with the accounting policies as determined by Treasury Board. The fiscal year of the government is from April 1 to March 31 of the following year.

To fulfill its accounting and reporting responsibilities, the government maintains systems of financial management and internal control. These systems give due consideration to costs, benefits and risks, and are designed to provide reasonable assurance that transactions are properly authorized by the Legislative Assembly, are executed in accordance with prescribed regulations and are properly recorded. This is done to maintain accountability of public money and safeguard the assets and properties of the Province of British Columbia under government administration. The Comptroller General of British Columbia maintains the accounts of British Columbia, a centralized record of the government's financial transactions, and obtains additional information as required from ministries, Crown corporations and agencies to meet accounting and reporting requirements.

The Auditor General of British Columbia provides an independent opinion on the financial statements prepared by the government. The duties of the Auditor General in that respect are contained in section 10 of the *Auditor General Act*.

Annually, the financial statements are tabled in the Legislature as part of the Public Accounts, and are referred to the Select Standing Committee on Public Accounts of the Legislative Assembly. The Select Standing Committee on Public Accounts reports to the Legislative Assembly on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinions.

Approved on behalf of the Government of the Province of British Columbia:



GARY COLLINS
Chair, Treasury Board

Summary Financial Statements
Statement of Financial Position
as at March 31, 2002

	Note	In Millions 2002	2001
Financial Assets		$	$
Cash and temporary investments	3	780	548
Warehouse Program investments	4	1,067	1,312
Accounts receivable	5	2,668	2,640
Inventories for resale	6	250	281
Due from other governments	7	158	229
Due from self–supported Crown corporations and agencies	8	384	422
Equity in self–supported Crown corporations and agencies	9	2,525	3,001
Loans, advances and mortgages receivable	10	594	558
Other investments	11	288	270
Loans for purchase of assets, recoverable from agencies	12	7,552	7,437
		16,266	16,698
Liabilities			
Accounts payable and accrued liabilities	13	3,219	3,036
Due to other governments	14	100	104
Due to Crown corporations, agencies and funds	15	80	71
Deferred revenue	16	639	618
Employee pension plans (unfunded pension liabilities)	17	6	1,477
Taxpayer–supported debt	18	26,952	24,664
Self–supported debt	19	8,500	8,619
		39,496	38,589
Net liabilities	21	(23,230)	(21,891)
Non–Financial Assets			
Tangible capital assets	22	11,206	11,091
Prepaid capital advances	23	7,033	6,905
Prepaid program costs	24	125	165
Other assets	25	156	221
		18,520	18,382
Accumulated surplus (deficit)	26	**(4,710)**	**(3,509)**
Contingencies and commitments	27		

The accompanying notes and supplementary statements are an integral part of these financial statements.

Prepared in accordance with the accounting policies as determined by Treasury Board.

ARN VAN IERSEL
Comptroller General

Summary Financial Statements
Statement of Operations
for the Fiscal Year Ended March 31, 2002

	In Millions		
	2002 Estimates (Note 31)	2002	2001
Revenue	$	$	$
Taxation (Note 28)	13,280	14,061	14,263
Natural resources	3,961	3,263	4,181
Fees and licences	2,205	2,236	2,196
Investment earnings (Note 28)	809	818	975
Miscellaneous	915	1,035	1,372
Net earnings of self-supported Crown corporations and agencies (Note 9)	1,608	1,085	1,725
Contributions from the federal government	3,115	3,201	3,136
	25,893	25,699	27,848
Expense			
Health (Note 29)	9,752	10,067	9,064
Social services	3,553	3,442	3,263
Education (Note 29)	6,867	6,930	6,436
Protection of persons and property	1,289	1,312	1,227
Transportation (Note 29)	1,505	1,543	1,546
Natural resources and economic development	1,749	1,853	1,793
Other	1,252	823	761
General government	458	532	407
Interest (Note 29)	1,806	1,670	1,873
	28,231	28,172	26,370
Surplus (deficit) for the year before unusual items	(2,338)	(2,473)	1,478
Forecast allowance	(500)		
Gain (loss) on pension settlement (Note 34)	1,338	1,464	(52)
Restructuring exit expense (Note 35)		(224)	
Surplus (deficit) for the year	**(1,500)**	**(1,233)**	**1,426**

The accompanying notes and supplementary statements are an integral part of these financial statements.

Summary Financial Statements
Statement of Changes in Cash and Temporary Investments for the Fiscal Year Ended March 31, 2002

	In Millions			
	2002			2001
	Receipts $	Disburse-ments $	Net $	Net $
Operating Transactions				
Surplus (deficit) for the year			(1,233)	1,426
Non-cash items included in surplus (deficit)				
Amortization of tangible capital assets			556	536
Amortization of prepaid capital advances			401	363
Amortization of public debt deferred revenues and deferred charges			70	30
Amortization of unfunded pension liability				(628)
Concessionary loan adjustments increases (decreases)			(6)	1
Gain (loss) on pension settlement			(1,464)	52
Valuation adjustments			205	52
Net earnings of self-supported Crown corporations and agencies			(1,085)	(1,725)
Accounts receivable (increases)			(45)	(277)
Due from other governments decreases			71	29
Due from self-supported Crown corporations and agencies decreases (increases)			38	(5)
Accounts payable increases			222	68
Due to other governments (decreases)			(4)	(33)
Due to Crown corporations, agencies and funds increases (decreases)			9	(11)
Unfunded pension liability payments			(7)	
Items applicable to future operations increases			45	29
Contributions of self-supported Crown corporations and agencies			1,569	1,567
Cash derived from (used for) operations			(658)	1,474
Capital Transactions				
Tangible capital assets (acquisitions)	103	945	(842)	(1,196)
Prepaid capital advances (increases)		529	(529)	(751)
Cash (used for) capital	103	1,474	(1,371)	(1,947)
Investment Transactions				
Loans, advances and mortgages receivable (issues)	131	179	(48)	(173)
Investment in self-supported Crown corporations and agencies (increases)				(24)
Other investments—net decreases (increases)		5	(5)	9
Cash (used for) investments	131	184	(53)	(188)
Total financing (requirements)			(2,082)	(661)

Summary Financial Statements
Statement of Changes in Cash and Temporary Investments for the Fiscal Year Ended March 31, 2002—Continued

	In Millions			
	2002			2001
Financing Transactions[1]	Receipts $	Disburse-ments $	Net $	Net $
Public debt increases (decreases)	23,802	21,639	2,163	(574)
Derived from Warehouse Program investments	(4,532)	(4,777)	245	9
Derived from (used for) purchase of assets, recoverable from agencies	(6,017)	(5,923)	(94)	205
Cash derived from (used for) financing	13,253	10,939	2,314	(360)
Increase (decrease) in cash and temporary investments			232	(1,021)
Balance—beginning of year			548	1,569
Balance—end of year			**780**	**548**

[1]Financing transaction receipts are from debt issues and disbursements are for debt repayments.

The accompanying notes and supplementary statements are an integral part of these financial statements.

Summary Financial Statements
Statement of Change in Net Liabilities
for the Fiscal Year Ended March 31, 2002

	In Millions	
	2002	2001
	$	$
Surplus (deficit) for the year	(1,233)	1,426
Net effect of change in		
Tangible capital assets	(115)	(759)
Prepaid capital advances	(128)	(388)
Prepaid program costs	40	(69)
Other assets	65	38
	(138)	(1,178)
(Increase) decrease in net liabilities	(1,371)	248
Impact of accounting adjustment to net deficiency	32	(36)
Net liabilities—beginning of year	(21,891)	(22,103)
Net liabilities—end of year	**(23,230)**	**(21,891)**

The accompanying notes and supplementary statements are an integral part of these financial statements.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002

1. Significant Accounting Policies

(a) Reporting Entity

These financial statements include the accounts of organizations which are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the Legislature, and are owned or controlled by the government. Accountability to a minister or directly to the Legislature, for purposes of the reporting entity, does not include those entities that are part of a province-wide program yet are locally based and have an initial accountability to a local board.

The reporting entity also includes government partnerships.

A list of organizations included in these consolidated financial statements may be found on pages 61 and 62.

Trusts administered by the government or a Crown corporation or agency are excluded from the reporting entity.

(b) Principles of Consolidation

Taxpayer-supported Crown corporations and agencies are consolidated with the Consolidated Revenue Fund using the full consolidation method. The government's interests in government partnerships are recorded on a proportional consolidation basis.

Self-supported Crown corporations and agencies and government business partnerships are consolidated with the Consolidated Revenue Fund on the modified equity basis of consolidation.

The definitions of these consolidation methods can be found on page 14.

No adjustments are made for Crown corporations and agencies whose fiscal year-ends are different from the government's fiscal year-end of March 31, unless the effect of an adjustment would be significant to the consolidated operating result.

(c) Basis of Accounting

The government's Summary Financial Statements are prepared in accordance with the generally accepted accounting principles (GAAP) for senior governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants, with the following exceptions:

(i) Reporting entity—PSAB recommends that the reporting entity comprise all organizations that are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the Legislature, or local government council, and are owned or controlled by the government. The government currently does not include schools, universities, colleges and institutes, or health care organizations (SUCH sector) in its reporting entity. This issue is currently under review.

(ii) Prepaid capital advances—PSAB recommends that government transfers be expensed in a government's financial statements in the period that the events giving rise to the transfer occurred, as long as the transfer is authorized, eligibility criteria are met and a reasonable estimate of the amount can be made. Transfers to schools, universities, colleges and institutes, and health care organizations that are for the acquisition of tangible capital assets are not expensed in the year they are issued; rather, they are treated as a prepaid expense and amortized over the life of the tangible capital assets acquired with the advances.

(iii) Expense basis of accounting—PSAB recommends that when a government reports expenses and tangible capital assets in its financial statements, tangible capital assets should be reported as a component of net liabilities. In addition, the Statement of Operations should provide a reconciliation of the expense-based surplus or deficit to the change in net liabilities. The government reports tangible capital assets directly on its Statement of Financial Position. The Statement of Operations is prepared on the expense basis, but is not returned to the expenditure basis of accounting to provide a reconciliation of the change in net liabilities. The Statement of Change in Net Liabilities provides a reconciliation of the change in net liabilities to the annual operating result.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

1. Significant Accounting Policies—Continued

The following table provides the impact to the province's financial statements if the accounting policies were changed to conform to current PSAB.

	In Millions					
	Assets	Liabilities	Net Equity	Revenue	Expense	Surplus
	$	$	$	$	$	$
Inclusion of SUCH sector and expensing prepaid capital advances	5,957	3,102	2,855	2,214	1,989	225
Change from expense to expenditure basis of accounting	(21,266)		(21,266)		646	(646)
Increase (decrease)	**(15,309)**	**3,102**	**(18,411)**	**2,214**	**2,635**	**(421)**

Recent amendments to the *Budget Transparency and Accountability Act* require that any exceptions to GAAP be eliminated for fiscal 2004/05.

(d) SPECIFIC ACCOUNTING POLICIES

Revenue

All revenue is recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The exception is corporation income tax and receipts under the Federal Equalization Program, which are recorded on a cash basis.

Government transfers are recognized as revenues in the period during which the transfer is authorized and any eligibility criteria are met.

Tax credits/offsets are accrued on the same basis as the associated tax revenues and reduce gross taxation revenue but are not considered valuation allowances.

Expenses

The cost of all goods and services received during the year is recorded as expenses.

Interest expense is recorded net of sinking fund earnings.

Pension expense is calculated as the cost of pension benefits earned by employees during the year, interest on the pension benefits liability net of pension plan assets and amortization of the government's share of any experience gains or losses, less contributions made by employees and other employers. The estimated total cost of the government's share of the plan amendments related to past service is expensed in the year the plan is amended.

Government transfers include grants, entitlements and transfers under agreements, as defined on pages 14 and 15. Government transfers are recognized as expenses in the period in which the events giving rise to the transfer occurred, as long as the transfer is authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made. This excludes transfers that meet the criteria for a prepaid capital advance.

Acquisitions of tangible capital assets and prepaid capital advances are recorded as assets and the cost is amortized over the useful life of the relevant tangible capital asset. Tangible capital assets not related to a capitalized class of assets are expensed in the year of acquisition.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

1. Significant Accounting Policies—Continued

Restructuring exit expenses are recorded when a restructuring plan in appropriate form has been approved by the province. To qualify, the expense must not be associated with or benefit activities that will be continued by the government reporting entity. In addition, the expense must:

(i) be incremental to other expenses incurred in normal operations and incurred as a direct result of the restructuring plan; or

(ii) represent amounts to be incurred under an existing contractual obligation that will continue after the restructuring plan is completed with no economic benefit to the government; or

(iii) represent a penalty or compensation incurred to cancel an existing contractual obligation.

Assets

Assets are recorded to the extent that they represent cash and claims upon outside parties, items held for resale to outside parties, prepaid expenses, deferred charges, prepaid capital advances or tangible capital assets acquired as a result of events and transactions prior to the year–end.

Financial Assets

Temporary investments and Warehouse Program investments include short–term investments recorded at the lower of cost or market value.

Inventories for resale include property which has been purchased, or for which development costs have been incurred, that is held for ultimate resale or lease to outside parties. Inventories for resale are recorded at the lower of cost or net realizable value.

Equity in self–supported Crown corporations and agencies represents the province's investment (including long–term advances) in those self–supported Crown corporations and agencies at cost, adjusted for increases and decreases in the investees' net assets.

Loans and advances are recorded at cost less adjustment for any prolonged impairment in value. Mortgages receivable are recorded at the principal amount less valuation allowance, are secured by real estate and are repayable over periods ranging up to thirty years. Concessionary loans and mortgages are recorded at net present value at issue and related present value discounts are expensed. Valuation allowances are made when collectibility is considered doubtful.

Other investments are recorded at the lower of cost of acquisition (which may be adjusted by attributed income) or estimated current value. Valuation adjustments are made when the value of investments is impaired.

Loans for purchase of assets, recoverable from agencies are recorded at maturity value less unamortized premium/discount and sinking fund balances. Premium/discount is amortized on a constant yield basis.

Non–Financial Assets

Tangible capital assets are recorded at historical cost. Estimated cost is used to record existing tangible capital assets when actual cost is unknown. The recorded cost, less the residual value, is generally amortized over the estimated useful lives of the assets on a straight–line basis except for some transportation equipment which is amortized using the sinking fund method.

All significant tangible capital assets of government organizations and operations have been capitalized with the exception of certain land that is not associated with a capitalized class of asset. Non–capitalized tangible capital assets are recorded at the nominal value of $1.

Gains arising from the initial valuation and capitalization of the existing tangible capital assets are accounted for as a component of accumulated deficit.

Prepaid capital advances are provided to school districts, post–secondary educational institutions, health care organizations and other specified government organizations to fund capital asset acquisitions. The province has an on–going claim on the assets of these organizations. Prepaid capital advances are amortized over the useful life of the assets funded.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

1. Significant Accounting Policies—Continued

Liabilities

All liabilities are recorded to the extent that they represent claims payable to outside parties as a result of events and transactions prior to the year–end, including probable losses on loan guarantees issued by the province, contingent liabilities when it is likely a liability exists and the amount of the liability can be reasonably determined on an individual or portfolio basis, and unfunded pension liabilities.

Employee Pension Plans (Unfunded Pension Liabilities)

The province accounts for employee pension plans by recognizing a liability and an expense in the reporting period in which the employee has provided service. The amount is calculated using the accrued benefit actuarial cost method. Where plans are in a net asset position, and Joint Trusteeship Agreements restrict access to the assets, the province records the value of plan assets as nil. Changes in net liabilities/assets which arise as a result of estimation adjustments due to experience gains and losses or changes in actuarial assumptions are amortized on a straight–basis over the average remaining service period of employees active at the date of the adjustments. Past service costs from plan amendments are recognized in full in the year of the amendment.

Unfunded pension liabilities of the Members of the Legislative Assembly Superannuation Plan represent the terminal funding that would be required from the province for the difference between the present value of the obligations for future benefit entitlements and the amount of funds available in the account.

Public Debt

Public debt represents the direct debt obligations of the Province of British Columbia, including borrowings incurred for government operating purposes, the acquisition of capital assets, for re–lending to authorized government bodies and for borrowings in advance of future requirements under the Warehouse Program. Public debt consists of short–term promissory notes, notes, bonds and debentures, bank loans, capital leases and mortgages payable. These obligations are recorded at principal less unamortized premium or discount and sinking fund balances where applicable. Public debt is reported under two categories: (1) taxpayer–supported, and (2) self–supported.

(1) Taxpayer–supported debt includes direct debt used for government operating and capital purposes, and the debt of Crown corporations and agencies that requires an operating or debt servicing subsidy from the provincial government or which are fully consolidated within these financial statements.

(2) Self–supported debt includes the debt of commercial Crown corporations and agencies that fully fund their operations and debt from revenue generated through the sale of goods and/or services at commercial rates to buyers that are outside the government reporting entity. Self–supported debt includes debt of the Warehouse Program.

Debt premium/discount is amortized on a constant yield basis. Unamortized premium/discount on bonds called and refinanced is amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter.

When it has been determined that there are sufficient securities to satisfy scheduled interest and principal payments for a debt instrument, the sinking fund assets are set aside in a defeased trust account. The debt and the related securities used to extinguish the debt are removed from the province's Statement of Financial Position. The debt is considered extinguished for financial reporting purposes.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at the year–end. Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction unless hedged by forward contracts that specify the rate of exchange. Adjustments to revenue or expense transactions arising as a result of foreign currency translation are credited or charged to operations at the time the adjustments arise. Unrealized foreign currency gains and losses on long–term, fixed–term monetary assets and liabilities are reported as deferred charges and amortized over the remaining terms of the related items on a straight–line basis. Non–monetary assets and liabilities are translated at historical rates of exchange.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

1. Significant Accounting Policies—Continued

Derivative Financial Instruments

The province is a party to financial instruments with off–balance sheet risk due to fluctuations in foreign currency exchange rates, interest rate fluctuations and counterparty default on financial obligations. The province does not use derivative financial instruments for speculative purposes. Off–balance sheet position data is given in the form of nominal principal amounts outstanding. Amounts paid and received under swaps are recognized and offset against the related interest expense. Gains and losses on terminated derivative contracts are deferred and amortized over the lesser of the remaining term of the contract or the related debt.

(e) Change in Accounting Treatment

Capital Leases for Vehicles

In 2001/02, the province changed its accounting treatment with respect to certain vehicle leases. Previously, these leases had been considered operating leases. Based on new information, it has been determined that these leases should have been recorded as capital leases, as they result in substantially all the risks and benefits of ownership of the vehicles being transferred to the province. This change, made retroactively, has the effect of increasing tangible capital assets and taxpayer–supported debt by $45 million as at April 1, 2001. There has been no restatement of the accumulated deficit or prior year's operating results.

2. Meaurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Uncertainty exists whenever estimates are used because it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount.

Measurement uncertainty in these financial statements exists in the accruals for pension obligations, Canada Health and Social Transfer (CHST) and personal income tax.

The nature of the uncertainty in the accruals for pension obligations arises because actual results may differ significantly from the province's best estimates of expected results based on variables such as earnings on pension investments and life expectancy of claimants. Uncertainty related to the accrual for CHST and personal income tax arises because of the possible differences between the estimated and actual economic growth and related impact on taxes receivable.

British Columbia Hydro and Power Authority (BC Hydro), a wholly owned self–supported Crown corporation, is directly exposed to counterparty credit risk as a result of the purchase and sale of electricity and natural gas. The rapid rise of wholesale power prices and in–state supply shortages have caused significant financial hardship for a number of utilities in California. A number have accumulated large losses and defaulted on payments. As a result, BC Hydro has not recognized as revenue some amounts owed to it from sales to these utilities and has recorded provisions for uncollectible amounts, which, in management's best estimate, are sufficient to cover any remaining exposure. Due to the instability in the California market and ongoing regulatory and legal proceedings, management cannot predict the outcome and the amount ultimately collected may differ materially from management's current estimate.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

3. Cash and Temporary Investments

	In Millions	
	2002	2001
	$	$
Cash (cheques issued in excess of funds on deposit)	(319)	(191)
Temporary investments[1]	1,099	739
	780	**548**

[1]Temporary investments consist mainly of units in the British Columbia Investment Management Corporation Pooled Investment Portfolios. Units are carried at the lower of cost of acquisition adjusted by income attributed to the units, or market value.

4. Warehouse Program Investments

	In Millions	
	2002	2001
	$	$
Temporary investments[1]	1,077	1,314
Deferred charges	3	6
Accrued interest payable	(13)	(8)
	1,067	**1,312**

[1]Temporary investments consist of corporate and bank discount notes.

5. Accounts Receivable

	In Millions	
	2002	2001
	$	$
Taxes receivable	1,546	1,622
Trade accounts receivable	1,382	1,200
Accrued interest	274	262
	3,202	3,084
Provision for doubtful accounts	(534)	(444)
	2,668	**2,640**

6. Inventories for Resale

	In Millions	
	2002	2001
	$	$
Properties	85	57
Small Business Forest Enterprise Program	148	130
Other	17	94
	250	**281**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

7. Due from Other Governments

	In Millions 2002	2001
	$	$
Government of Canada:		
Current	105	211
Long-term		1
Provincial governments:		
Current	5	2
Local governments:[1]		
Current	47	15
Long-term	1	
	158	**229**

[1]Local governments are municipal units established by the provincial government which include regional and metropolitan municipalities, cities, towns, townships, districts, rural municipalities and villages.

8. Due from Self-supported Crown Corporations and Agencies

	In Millions 2002	2001
	$	$
British Columbia Hydro and Power Authority	332	372
British Columbia Liquor Distribution Branch		1
British Columbia Lottery Corporation	50	46
Columbia Power Corporation	2	3
	384	**422**

See page 66 for details.

9. Equity in Self-supported Crown Corporations and Agencies

	In Millions 2002			2001
	Investments $	Unremitted Earnings $	Total $	Total $
British Columbia Hydro and Power Authority		1,617	1,617	1,691
British Columbia Railway Company	258	109	367	526
Columbia Power Corporation	276	11	287	289
Insurance Corporation of British Columbia		239	239	481
Provincial Capital Commission		15	15	14
	534	**1,991**	**2,525**	**3,001**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

9. Equity in Self-supported Crown Corporations and Agencies—Continued

Change in Equity in Self-supported Crown Corporations and Agencies	In Millions 2002 Investments $	Unremitted Earnings $	Total $	2001 Total $
Balance—beginning of year	534	2,467	3,001	2,742
Increase in investment				24
Net earnings of self-supported Crown corporations and agencies		1,085	1,085	1,725
Contributions paid to the Consolidated Revenue Fund		(1,420)	(1,420)	(1,431)
Adjustments to contributions paid		(149)	(149)	(136)
Adjustments to unremitted earnings		8	8	20
Transfer to consolidated entity				57
Balance—end of year	**534**	**1,991**	**2,525**	**3,001**

See pages 66 and 67 for details.

10. Loans, Advances and Mortgages Receivable

	In Millions 2002	2001
Loans and Advances	$	$
BC Student loans	204	128
Industrial Development Fund commercial loans	135	140
Land Tax Deferment loans	141	133
Construction loans to social housing projects	121	80
Capital expansion loans		35
Accountable advances	2	47
Miscellaneous	81	82
	684	645
Provision for doubtful accounts	(119)	(123)
	565	522
Mortgages Receivable		
Reconstruction Program	30	17
Miscellaneous	14	27
	44	44
Provision for doubtful accounts	(15)	(8)
	29	36
	594	**558**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

10. Loans, Advances and Mortgages Receivable—Continued

The BC Student Loan program provides loans to students for higher education. Students are required to repay these loans, through a contracted service provider, to the province over a maximum of 174 months with a floating interest rate of prime plus 2.5%. Defaulted loans are due on demand with interest at a floating rate of prime plus 2.5%. The program also administers defaulted student loans issued by financial institutions under a risk sharing agreement with the province. Defaulted risk sharing loans arise due to bankruptcy or death of the student while attending school.

The Industrial Development Fund provided loans to assist the establishment of new industry, the introduction of new technology to existing industry, or the development of a region of British Columbia. These loans incur interest at rates ranging from 0% to 10%. The Industrial Development Fund was eliminated pursuant to the repeal of the *Industrial Development Incentive Act* under the *Budget Measures Implementation Act, 2002*. No loans will be issued after March 31, 2002.

The Land Tax Deferment program allows eligible individuals to defer payment of all, or a portion of, annual property taxes due on residences. Eligible individuals are either 60 years or older, a surviving spouse or a disabled person. Simple interest is charged on the deferred taxes at a rate set semi–annually by the Ministry of Finance. This rate is generally 2.0% below the prime rate. The deferred taxes, plus any outstanding interest, must be repaid when the residence is transferred to a new owner.

Construction loans are provided by British Columbia Housing Management Commission (BCHMC), a taxpayer–supported Crown corporation, and an approved lender under the *National Housing Act*. BCHMC provides construction loans for societies that are building approved projects under social housing programs. Interest is payable at the province's weighted average borrowing rate for short–term funds, plus administration costs. Loans are repaid at substantial completion of each project from financing arranged with private lenders.

Capital expansion loans were made to taxpayer–supported Crown corporations and agencies for plant expansion. There are no loans of this nature outstanding at March 31, 2002.

Accountable advances represent funds issued for program costs, which have not yet been expended in accordance with the applicable agreements.

The Reconstruction Program provides financial assistance to homeowners to pay for repairs to homes with premature building envelope failure. The financial assistance is provided in the form of subsidized interest loans, no–interest loans or deferred payment loans and secured by registered mortgages. This program is administered by Homeowner Protection Office.

Miscellaneous mortgages receivable have terms ranging from less than 1 year to 20 years, with some loans being payable on demand. Interest rates range from 4% to 10%.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

11. Other Investments

	In Millions 2002	2001
	$	$
Government of Canada bonds	26	19
Provincial government bonds	33	44
Commercial loans and investments	111	111
Pooled Investment Portfolios	82	93
Columbia Basin Trust investments	88	56
Pooled and managed investment funds of Forest Renewal BC		32
Equity investment in CBS Insurance Company	23	
Miscellaneous	51	41
	414	396
Provision for doubtful accounts	(126)	(126)
	288	**270**

Government of Canada bonds have a market value of $26.2 million (par value $25.3 million), with yields ranging from 3.065% to 8.492%. Maturity dates range from April 1, 2002 to December 1, 2005.

Provincial bonds of various provinces have a market value of $33.4 million (par value $31.0 million), with yields ranging from 2.365% to 6.189%. Maturity dates range from June 24, 2002 to July 22, 2013.

Commercial loans and investments are recorded at lower of cost of acquisition adjusted by attributed income and market value. A provision in the full amount of these loans has been recorded.

Pooled investment portfolios consist of units in the British Columbia Investment Management Corporation's BC Focus Fund and Illiquid Fund. These funds' investments consist primarily of debt and equity holdings of privately held companies.

Columbia Basin Trust investments include $17 million in bankers acceptances and deposits. Deposit holdings are not marketable, but Columbia Basin Trust may, on ninety days written notice, redeem up to 10% of deposits initially made for a period of one year or longer, without cost or penalty, provided that such redemption occurs only once during a particular deposit's term. Also included is a $71 million equity investment in power project joint ventures developed in partnership with Columbia Power Corporation.

The equity investment in CBS Insurance Company is held by Canadian Blood Services and represents the province's proportional interest.

12. Loans for Purchase of Assets, Recoverable from Agencies

	In Millions 2002	2001
	$	$
British Columbia Hydro and Power Authority	6,770	6,703
British Columbia Railway Company	599	584
Columbia Power Corporation	63	20
Improvement districts	6	6
Pacific Racing Association	5	5
Post-secondary educational institutions	114	124
	7,557	7,442
Provision for doubtful accounts	(5)	(5)
	7,552	**7,437**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

13. Accounts Payable and Accrued Liabilities

	In Millions	
	2002	2001
	$	$
Trade accounts payable and other liabilities	1,595	1,449
Accrued interest on debt	779	824
Accrued employee leave entitlements	244	238
Other accrued estimated liabilities[1]	601	525
	3,219	**3,036**

[1]Includes pending litigation, provision for guaranteed debt payout and other miscellaneous accrued claims.

14. Due to Other Governments

	In Millions	
	2002	2001
	$	$
Government of Canada:		
Current	69	57
Provincial governments:		
Current	10	12
Local governments:[1]		
Current	19	9
Long-term	2	26
	100	**104**

[1]Local governments are municipal units established by the provincial government which include regional and metropolitan municipalities, cities, towns, townships, districts, rural municipalities and villages.

15. Due to Crown Corporations, Agencies and Funds

	In Millions	
	2002	2001
	$	$
British Columbia Liquor Distribution Branch	3	
Post-secondary educational institutions	1	2
Trust funds	76	69
	80	**71**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

16. Deferred Revenue

	In Millions 2002	2001
	$	$
Medical Services Plan premiums	55	54
Motor vehicle licences and permits	161	160
Petroleum, natural gas and minerals, leases and fees	29	29
Water rentals and recording fees	71	82
Derivative debt instruments	16	1
Unearned lease revenue	106	95
Federal and municipal highway project revenues	59	33
Forest Stand Management Fund	14	11
Miscellaneous	128	153
	639	**618**

17. Employee Pension Plans (Unfunded Pension Liabilities)

	In Millions 2002	2001
	$	$
Members of the Legislative Assembly Superannuation Plan	6	13
Municipal Superannuation Plan		149
Teachers' Pension Plan		1,315
	6	**1,477**

The province contributes to defined benefit pension plans for substantially all its employees and for Members of the Legislative Assembly. The plans provide pensions based on length of service and final average earnings. They do not provide for inflation protection other than that set aside in special inflation accounts. The performance of the plans over the past two years placed them in a net asset position at March 31, 2002.

The College, Public Service, Municipal and Teachers' plans are joint trusteeship plans. In joint trusteeship plans, control of the plans and their assets are assumed by individual pension boards made up of government and plan member representatives. Provisions of these plans stipulate that the province has no formal claim to any pension plan surpluses or assets. In addition, all plans are administered by the British Columbia Pension Corporation (BCPC).

In the event that a plan deficit is determined by an actuarial valuation (performed every three years), the province is required to address it through the Joint Trusteeship Boards by adjusting contributions or other means. It is expected, therefore, that any unfunded liabilities in the future will be short–term in nature.

Both the Municipal and Teachers' plans became joint trusteeship plans in the current fiscal year. The settlement of the former plans resulted in the realization this fiscal year of past actuarial gains that existed in the former plans on the settlement date. Under the former plans, these gains were amortized into operations over a period of approximately 10 to 12 years. The effect of the settlements is a one–time credit to operations in the amount of $1,464 million.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

17. Employee Pension Plans (Unfunded Pension Liabilities)—Continued

The estimated financial position for each plan consists of the accrued benefit obligation less the pension fund assets, as follows:

	In Millions				
	Public Service Pension Plan	Municipal Superannuation Plan	Teachers' Pension Plan	College Pension Plan	Total
	$	$	$	$	$
Accrued benefit obligation	7,872	7,369	9,083	796	25,120
Pension fund assets	9,006	8,003	9,167	1,035	27,211
Accrued net asset	**(1,134)**	**(634)**	**(84)**	**(239)**	**(2,091)**

The reported net assets of the pension plans are under joint trusteeship agreements which limit the province's share to 50%. The province has no formal claim on accrued asset amounts until such time as a formal declaration is made by the Joint Trusteeship Boards to reduce or suspend employer contributions for a period of time. Therefore, the recorded value of the net assets is nil until such time that a declaration is made. Also, only 70% of the accrued benefit obligation and pension fund assets are included for the Municipal Superannuation Plan, reflecting the province's interest in the plan.

The accrued benefit obligations and pension assets shown for 2001/02 are based on extrapolations of the most recent actuarial valuations as follows: Public Service Pension Plan (March 31, 1999); Municipal Superannuation Plan (December 31, 2000); Teachers' Pension Plan (December 31, 2000); and College Pension Plan (August 31, 1997).

The Members of the Legislative Assembly Superannuation Plan (the Plan) is also administered by the BCPC. Each year, the present value of the amount required to provide a legislative member's future pension benefits is transferred from the Plan to the Public Service Pension Plan from which monthly pensions are paid. Pension benefits are based on length of service and final average earnings. The unfunded pension liability for the Plan represents the terminal funding that would be required from the province for the difference between the present value of the obligations for future benefit entitlements and the amount of funds available in the Plan.

Key actuarial assumptions used in the valuations include a long–term annual rate of return on pension fund assets of 7.30% for the Public Service Pension Plan, 7.25% for the Municipal Pension Plan, 7.50% for the Teachers Pension Plan, and 7.40% for the College Pension Plan, and long–term annual salary increases of 4.80% for the Public Service Pension Plan, 4.75% for the Municipal Pension Plan, 5.00% for the Teachers' Pension Plan, and 4.90% for the College Pension Plan.

The audited financial statements of each pension plan listed, along with full descriptions, benefit formulas, inflation assumptions and funding policies, are published on the British Columbia Pension Corporation web site.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

18. Taxpayer–Supported Debt[1]

In Millions

	Year of Maturity	Canadian Dollar	US Dollar[2]	Japanese Yen[2]	Other Currencies[2]	2002 Canadian Dollar Total	2001 Canadian Dollar Total
Short–term promissory notes	2002						827
	2003	898	30			928	
Notes, bonds and debentures[3]	2002						2,103
	2003	1,067	1,211			2,278	2,259
	2004	1,400			410	1,810	1,809
	2005	1,051	445		585	2,081	1,803
	2006	1,940				1,940	1,791
	2007	1,448	928		370	2,746	1,330
	2007–2012	6,981	1,555	262	833	9,631	7,954
	2012–2017	2,174	155			2,329	2,299
	2017–2022	762				762	508
	2022–2027	2,408				2,408	2,408
	2027–2032	3,335				3,335	3,121
	2032–2037						
	2037–2042	365				365	365
Total debt issued at face value		**23,829**	**4,324**	**262**	**2,198**	30,613	28,577
Sinking funds[4]						(3,525)	(3,761)
Unamortized discount						(121)	(134)
Amount held in the Consolidated Revenue Fund						(15)	(18)
Total taxpayer–supported debt						**26,952**	**24,664**

The effective interest rates (weighted average percent) as at March 31 on the above debt are:

2002	6.00
2001	7.08

[1]The balances and interest rates reflect the impact of the related derivative contracts, presented in Note 20 (Risk Management and Derivative Financial Instruments).

[2]Foreign currencies include: $2,869 million US ($4,324 million Canadian); 22,000 million Japanese yen ($262 million Canadian); 191 million Pounds Sterling ($410 million Canadian); 600 million Swiss Francs ($585 million Canadian); 741 million Euros ($1,203 million Canadian). Effective January 1, 2002, debt originally issued in and totalling 2,499 million French Francs and 703 million Deutsche Marks was converted at established fixed exchange rates (6.55957 French Francs for 1 Euro and 1.95583 Deutsche Marks for 1 Euro) and is now reported in Euros.

[3]Notes, bonds and debentures include $25 million (2001: $105 million) in bank loans, $79 million (2001: $76 million) in capital leases and $142 million (2001: $144 million) in mortgages.

[4]Sinking fund balances include assets totalling $198 million (2001: $109 million) invested in the Matched Book Program and assets totalling $3,327 million (2001: $3,652 million) set aside for orderly repayment of debt. Sinking funds at March 31, 2002, totalling $148 million US (2001: $140 million US) act as a natural hedge of the US dollar debentures.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

18. Taxpayer-Supported Debt—Continued

Notes, bonds and debentures

Redeemable by the bond holder

Balances include debentures issued to the Canada Pension Plan totalling $3,328 million (2001: $3,409 million) at a weighted average interest rate of 10.13% (2001: 10.93%). These debentures mature at various dates from April 8, 2002 to November 13, 2021, with interest rates varying between 5.61% and 16.53%. These debentures are redeemable in whole or in part before maturity, on six months' prior notice, at the option of the Minister of Finance of Canada, subject to certain restrictions. During the year, $253 million in Canada Pension Plan debentures were issued. Under Canada Pension Plan legislation, any significant amendment to benefits or contributions requires the approval of the legislature of two-thirds of the provinces.

Balances include 5.40% debentures, due December 4, 2026, totalling $40 million (2001: $40 million). The holders have a put option which, if exercised, would result in the bond maturing on December 4, 2002. If the option is not exercised, the bond will be redeemed for $50 million (2001: $50 million) on December 4, 2026, and the coupon rate on the bond will be 7.00% for the period December 5, 2002 to December 4, 2026.

Balances include 5.45% debentures, due August 17, 2028, totalling $200 million (2001: $200 million). The holders have a put option which, if exercised, would result in the bond maturing on August 17, 2005. If the option is not exercised, the debenture will mature on August 17, 2028, and the effective rate on the bond will be 5.62% for the period August 18, 2005 to August 17, 2028.

Balances include 5.86% debentures due June 18, 2029, totalling $250 million (2001: $250 million). The holders have a put option which, if exercised, would result in the bond maturing on June 19, 2006. If the option is not exercised, the debenture will mature on June 18, 2029.

Balances include British Columbia Savings Bonds totalling $355 million (2001: $702 million) maturing at dates from October 15, 2002 to October 15, 2007, and with an effective rate of 2.90% are redeemable at par by the holder each April 15 and October 15 prior to maturity.

Redeemable by the province

Issues totalling $80 million (2001: $210 million) with effective rates ranging from 1.91% to 2.01% are redeemable at par at the province's option on dates ranging from August 5, 2003 to April 9, 2013.

Defeasances

At March 31, 2002, sufficient securities had been set aside in an irrevocable trust, as a matter of policy, to satisfy the scheduled interest and principal payment requirements of $931 million (2001: $1,114 million). The related debt is considered extinguished for financial reporting purposes.

Aggregate payments for the next five years to meet sinking fund and retirement provisions on notes, bonds and debentures are:

	In Millions Canadian Dollar
2003	1,788
2004	1,288
2005	1,778
2006	1,729
2007	2,524

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

19. Self-Supported Debt[1]

In Millions

	Year of Maturity	Canadian Dollar	US Dollar[2]	Japanese Yen[2]	Other Currencies[2]	2002 Canadian Dollar Total	2001 Canadian Dollar Total
Short-term promissory notes	2002						1,342
	2003	286	1,175			1,461	
Notes, bonds and debentures	2002						404
	2003		446			446	442
	2004	300	319			619	615
	2005	388	75	135		598	786
	2006	793				793	356
	2007	314	251			565	314
	2007–2012	767	200		150	1,117	1,849
	2012–2017	350				350	350
	2017–2022	951				951	896
	2022–2027	450	797			1,247	1,239
	2027–2032	900				900	614
	2032–2037		478			478	473
	2037–2042	50				50	50
Total debt issued at face value		**5,549**	**3,741**	**135**	**150**	9,575	9,730
Sinking funds[3]						(1,071)	(1,089)
Unamortized discount						(4)	(22)
Total self-supported debt						**8,500**	**8,619**

The effective interest rates (weighted average percent) as at March 31 on the above debt are:

2002	5.79
2001	7.04

[1] The balances and interest rates reflect the impact of the related derivative contracts, presented in Note 20 (Risk Management and Derivative Financial Instruments).

[2] Foreign currencies include: $2,370 million US ($3,741 million Canadian); 10,000 million Japanese yen ($135 million Canadian); 97 million Euros ($150 million Canadian). Effective January 1, 2002, debt originally issued in and totalling 637 million French Francs was converted at established fixed exchange rates (6.55957 French Francs for 1 Euro) and are now reported in Euros.

[3] Sinking funds at March 31, 2002, totalling $415 million US (2001: $436 million US) act as a natural hedge of the US dollar debentures and short-term promissory notes. Sinking funds are administered by the British Columbia Investment Management Corporation.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

19. Self-Supported Debt—Continued

Notes, bonds and debentures

Redeemable by the bond holder

Balances include debentures issued to the Canada Pension Plan totalling $397 million (2001: $341 million) at a weighted average interest rate of 10.41% (2001: 11.10%). These debentures mature at various dates from July 10, 2004 to January 8, 2022, with interest rates varying between 5.97% and14.06%. These debentures are redeemable in whole or in part before maturity, on six months' prior notice, at the option of the Minister of Finance of Canada, subject to certain restrictions. During the year, $55 million in Canada Pension Plan debentures were issued for self-supported debt. Under Canada Pension Plan legislation, any significant amendment to benefits or contributions requires the approval of the legislature of two-thirds of the provinces.

Balances include a $200 million US (2001: $200 million US) note with an effective rate of 1.83% maturing January 15, 2004. This note was translated at the exchange rate prevailing at year-end. The bond holder or the issuer may redeem the note on any interest payment date on thirty days' notice.

Aggregate payments for the next five fiscal years to meet sinking fund and retirement provisions on notes, bonds and debentures are:

	In Millions Canadian Dollar
2003	455
2004	579
2005	561
2006	783
2007	569

20. Risk Management and Derivative Financial Instruments

The province borrows funds in both domestic and foreign capital markets, and manages its existing debt portfolio to achieve the lowest debt costs within specified risk parameters. As a result, the province is exposed to risks associated with interest rate fluctuations and foreign exchange rate fluctuations. In accordance with risk management policy guidelines set by the Risk Committee of the Ministry of Finance, the province uses a variety of derivative financial instruments to hedge exposure to these risks.

Derivatives used by the province include interest rate swaps, cross-currency swaps, forward foreign exchange contracts, forward rate agreements, and options. A derivative instrument is a financial contract with a financial institution or counterparty which is applied to effect a hedge on interest rate or foreign exchange exposure contained in the underlying provincial debt instrument. A derivative derives value from the impact of market changes on the underlying hedged debt instrument. All derivative instruments entered into by the province are recorded off-balance sheet, which is consistent with the Canadian Institute of Chartered Accountants' accounting guidelines for non-speculative hedge instruments.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

20. Risk Management and Derivative Financial Instruments—Continued

The province also engages in commodity derivative hedging on behalf of the British Columbia Ferry Corporation. The objective of commodity derivative hedging is to reduce the financial risks associated with price volatility in the commodity market. As at March 31, 2002, the remaining notional amounts under commodity contracts totalled 255,000 barrels of oil.

The following tables present maturity schedules of the province's derivatives by type (excluding commodity derivatives), outstanding at March 31, 2002, based on the notional amounts of the contracts.

Taxpayer-supported Debt

	In Millions			
Year of Maturity	Cross Currency Swaps	Interest Rate Swaps	Forward Foreign Exchange Contracts	Total
2003	175	515	30	720
2004	409	6		415
2005	1,031	95		1,126
2006		484		484
2007	1,668	1,428		3,096
6–10 years	2,761	2,101		4,862
Over 10 years	218	969		1,187
Total	**6,262**	**5,598**	**30**	**11,890**

Self-supported Debt

	In Millions			
Year of Maturity	Cross Currency Swaps	Interest Rate Swaps	Forward Foreign Exchange Contracts	Total
2003		1,265	10	1,275
2004		150		150
2005	279	75		354
2006		698		698
2007	251	551		802
6–10 years	350	350		700
Over 10 years		400		400
Total	**880**	**3,489**	**10**	**4,379**

Interest rate risk

Interest rate risk is the risk that the province's debt servicing costs will fluctuate due to changes in interest rates. The province uses derivative contracts to manage interest rate risk by exchanging a series of interest payments, and assuming either a fixed or floating rate liability to a counterparty, based on the notional principal amount. Derivatives allow the province to alter the proportion of its debt held in fixed and floating rate form to take advantage of changes in interest rates.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

20. Risk Management and Derivative Financial Instruments—Continued

The government's current policy guidelines, with respect to the provincial government direct debt portfolio, allow floating rate debt exposure up to 45.00% of debt. At March 31, 2002, floating rate debt exposure was 36.30% (2001: 36.60%) of debt.

Under current policy guidelines for British Columbia Hydro and Power Authority (BC Hydro), the maximum floating rate debt exposure is 35.00% of debt. At March 31, 2002, floating rate debt exposure for BC Hydro was 25.6% (2001: 19.00%) of debt.

A 1.00% increase in interest rates would result in an increase in the debt servicing expense of $87 million for taxpayer–supported debt and $34 million for self–supported debt.

Foreign exchange risk

Foreign exchange risk is the risk that the province's debt servicing costs and principal payments will fluctuate due to changes in foreign exchange rates. The province uses derivative contracts to hedge foreign exchange risk by converting foreign currency principal and interest cash flows into Canadian dollar cash flows. Within specified limits set by policy, the province and provincial corporations may assume only unhedged exposure to US dollars and Japanese yen.

The government's current policy guidelines, with respect to the provincial government direct debt portfolio, allow unhedged foreign debt exposure up to 10.00% of debt. At March 31, 2002, unhedged foreign debt exposure, in US dollars and Japanese yen, was 6.61% (2001: 7.52%) of debt.

Under current policy guidelines for BC Hydro, the maximum unhedged foreign debt exposure is 44.00% of debt. At March 31, 2002, 33.20% (2001: 38.60%) of debt was in the form of unhedged foreign debt in US dollars.

A one cent decrease in the Canadian dollar versus the US dollar would result in an increase in the debt servicing expense of $17 million for taxpayer–supported debt and $32 million for self–supported debt. A decrease in the value of the Canadian dollar versus one Japanese yen would result in an increase to debt servicing expenses of $1 million for taxpayer–supported debt.

Credit risk

Credit risk is the risk that the province will incur financial loss due to a counterparty defaulting on its financial obligation to the province. In accordance with the government's policy guidelines, the province reduces its credit risk by dealing with only highly rated counterparties. The province only enters into derivative transactions with counterparties that have a rating from Moody's Investors Service and Standard & Poor's of at least AA–/Aa3 or A+/A1 in the case of Canadian Schedule A banks. The province also establishes limits on individual counterparty credit exposures and monitors these exposures on a regular basis.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

21. Net Liabilities

The Statement of Changes in Net Liabilities (*see* page 29) shows the net impact of applying the expenditure basis of accounting. The net liabilities calculation uses the expenditure, rather than the expense, basis of accounting. Under the expenditure basis of accounting, prepaid capital advances, tangible capital assets, prepaid program costs and other assets are recorded as expenditures when calculating the current year surplus or deficit. Under the expense basis of accounting, these items are recorded on the Statement of Financial Position as assets and amortized over an applicable period of time.

22. Tangible Capital Assets

	In Millions	
	2002	2001
	Net Book Value $	Net Book Value $
Land and Land Improvements	757	720
Buildings	1,146	1,128
Highway infrastructure	6,185	6,134
Ferries and related infrastructure	580	597
Transportation equipment	2,084	1,932
Computer hardware and software	277	279
Other	177	301
	11,206	**11,091**

See Statement of Tangible Capital Assets on page 68.

The estimated useful lives of the more common tangible capital assets are: buildings (10–50 years); highway infrastructure (15–40 years); ferries and related infrastructure (5–40 years); transportation equipment (5–40 years); computer hardware and software (3–5 years); and other (including vehicles, specialized equipment, and furniture and equipment) (5–20 years). Land improvements are amortized over 30 years (recreation areas) or 40 years (dams and water management systems). Tenant improvements (included in buildings) are amortized over 5 years or the length of the relevant lease term.

Included in tangible capital assets of British Columbia Transit are capital assets under lease to Greater Vancouver Transportation Authority (GVTA). These capital assets under lease consist of land, land improvements, stations, guideways and other assets related to the SkyTrain system and West Coast Express. These assets are made available to GVTA for their use under the *Greater Vancouver Transportation Act* and an Order in Council enacted thereunder, and represent one of the province's contributions toward public transportation in the Greater Vancouver Regional District. The proposed lease arrangements with GVTA are for one dollar per year under an initial fifteen–year term with additional five–year renewal periods upon the agreement of British Columbia Transit and GVTA. The net book value of these assets is $977 million (2001: $993 million).

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

23. Prepaid Capital Advances

	In Millions 2002	2001
	$	$
Health facilities	2,835	2,666
Post-secondary educational institutions	2,295	2,218
Schools	6,209	5,926
	11,339	10,810
Accumulated amortization	(4,306)	(3,905)
	7,033	6,905

24. Prepaid Program Costs

	In Millions 2002	2001
	$	$
Prepaid program costs[1]	125	165

[1]Includes inventories of operating material held in the Purchasing Commission and Queen's Printer warehouses pending distribution in a subsequent fiscal year. Also includes inventories of supplies and other not for resale items held by taxpayer-supported Crown corporations and agencies and charged to expenses when consumed in the normal course of operations.

25. Other Assets

	In Millions 2002	2001
	$	$
Deferred debt instrument costs	111	146
Deferred treaty costs	26	28
Other deferred costs	19	47
	156	221

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

26. Accumulated Surplus (Deficit)

	In Millions 2002	2001
	$	$
Accumulated surplus (deficit)—beginning of year[1]	(3,509)	(4,970)
Adjustments made to accumulated surplus (deficit) due to changes in accounting treatment[2]		
Capitalization of land improvements[3]		92
Federal personal income tax adjustment[4]		(15)
Miscellaneous adjustments[5]	2	(7)
Canadian Blood Services adjustments[6]	20	(35)
Include the British Columbia Racing Commission in the reporting entity[7]	4	
Adjustment to British Columbia Railway Company's (BC Rail) unremitted earnings[8]	6	
Accumulated surplus (deficit)—beginning of year as restated[1,2]	(3,477)	(4,935)
Surplus(deficit) for the year[2]	(1,233)	1,426
Accumulated surplus (deficit)—end of year	**(4,710)**	**(3,509)**

[1]Accumulated surplus (deficit) has been restated to apply changes in accounting treatment and correction of errors. The total impact of these changes has the effect of increasing the 2000/01 opening accumulated deficit by $5 million (from $4,965 million to $4,970 million).

[2]Accumulated surplus (deficit) has also been restated to apply additional changes in accounting treatment and correction of errors. The total impact of these changes has the effect of decreasing the 2000/01 opening accumulated deficit by $35 million (from $4,970 million to $4,935 million) and decreasing the surplus for the year by $72 million (from $1,498 million to $1,426 million).

[3]Land improvements were capitalized in 2001/02 as part of the phased-in approach to the capitalization of tangible capital assets. This change has the effect of increasing 2000/01 tangible capital assets by $90 million, increasing 2000/01 deferred revenue by $2 million and decreasing the 2000/01 surplus by $4 million.

[4]This adjustment is to correct an error by Canada Customs and Revenue Agency in the calculation of personal income tax collections on behalf of the province which resulted in an overpayment to the province in previous years. This adjustment has the effect of decreasing taxes receivable by $67 million, and decreasing the 2000/01 surplus by $52 million.

[5]Miscellaneous adjustments consist of a correction of an error that decreases tangible capital assets by $6 million, decreases various other assets by $5 million and decreases liabilities by $4 million. These adjustments have no impact on the 2000/01 surplus. In 2001/02, Provincial Capital Commission recorded an adjustment for land received as a donation. This adjustment has the effect of increasing Equity in Government Business Enterprises by $2 million.

[6]The adjustment for 2000/01 represents a correction to the procedure used to consolidate Canadian Blood Services. This adjustment increased trade receivables by $1 million, increased trade payables by $14 million, increased deferred revenue by $38 million and decreased the 2000/01 surplus by $16 million. The 2001/02 adjustment represents the province's proportional interest in an equity adjustment recorded by Canadian Blood Services related to its investment in CBS Insurance Company.

[7]In 2001/02, an adjustment was required to include the British Columbia Racing Commission in the reporting entity.

[8]In 2001/02, an adjustment was required to record the earnings of BC Rail for the period January 1 to March 31, 2001, which had not previously been recorded. This adjustment results from a change made this year to use the April 1 to March 31 earnings of BC Rail when preparing the Summary Financial Statements.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

27. Contingencies and Commitments

(a) GUARANTEED DEBT

Guaranteed debt as at March 31, 2002, totalled $307 million (2001: $447 million). *See* Statement of Guaranteed Debt on page 69 for details.

(b) CONTINGENT LIABILITIES

(i) Litigation and Other Claims

The province is a defendant in legal actions and is involved in matters such as expropriation compensation disputes and tax assessment appeals. These matters may give rise to future liabilities.

These potential liabilities are accrued when it is likely that a liability exists and the amount of the liability can be reasonably estimated on an individual or portfolio basis (*see* Note 13—Other accrued estimated liabilities).

The province has contingent liabilities in respect of the following summary of matters where the estimated or known claim is or exceeds $100,000 and is net of accrued amounts:

	In Millions	
	2002	2001
	$	$
Negligence and miscellaneous	1,025	62
Contract disputes	196	285
Damages to persons or property	130	77
Expropriation disputes	91	79
Timber harvesting rights disputes	31	37
Property access disputes	13	25
Motor vehicle accidents	10	12
Tax disputes	7	10
	1,503	**587**

On March 28, 1998, the federal government announced the establishment of a $1.1 billion fund to compensate Hepatitis C victims who were infected as a result of blood transfusions between 1986 and 1990. The value of the settlement includes payments of $1.1 billion plus a contingent liability of $18 million for the Red Cross and interest accrued on these balances as of April 1, 1998. The federal government will contribute $800 million and the provincial and territorial governments will contribute $300 million. A liability has been accrued based on the estimated costs of future payments for claims. The outcome of claims may exceed the accrued amount but this additional exposure cannot be determined with certainty.

(ii) Other Contingent Liabilities

The province also has contingent liabilities in the form of indemnities, indirect guarantees and outstanding claims. Where indemnities are for explicit quantifiable loans, the amounts are included in the guaranteed debt note above.

The province is responsible for the environmental clean up of numerous contaminated sites in the province. Based on preliminary environmental audits of some sites, a liability has been recorded based upon the minimum estimated clean up costs, where an estimate has been provided. Maximum estimated cleanup costs for sites under evaluation could increase the liability by $90 million at March 31, 2002. Many other sites remain to be evaluated; this future liability is not determinable.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

27. Contingencies and Commitments—Continued

The Insurance Corporation of British Columbia (the Corporation) has settled some claims which require the Corporation to provide claimants with periodic payments, usually for a lifetime. The Corporation has purchased annuities from approved life insurance companies to make these payments. The list of approved insurance companies is determined by ongoing analysis of total assets, credit rating reports, and past service history. The gross amounts of these settlements at December 31, 2001, was approximately $537 million (December 31, 2000: $498 million). In the event a life insurance company fails in this obligation, the Corporation remains responsible to continue the payments.

BC Transportation Financing Authority has contingent liabilities of $25.8 million remaining after deducting the estimated settlement expense currently accrued from gross claims outstanding for capital projects.

Powerex, a wholly-owned subsidiary of BC Hydro and Power Authority, has been named as a defendant in a number of lawsuits regarding alleged market manipulation of energy prices in the California wholesale markets. Estimates of claims against all of the market participants arising from alleged market manipulation range from hundreds of millions of US dollars to several billion US dollars. Several investigations and regulatory proceedings at the state and federal levels are also looking into the causes of the high wholesale electricity prices in the Western United States. Management cannot predict the outcome of the various claims against Powerex. Powerex believes the terms of its sales were just and reasonable.

The federal government, through the Canada Customs and Revenue Agency, has determined that overpayments of mutual fund tax revenues have been made to British Columbia, estimated at $120.6 million. The province disputes the liability and legal reviews are continuing (*see* Note 34).

(iii) Aboriginal Land Claims

The absence of treaties in most of British Columbia has resulted in a number of outstanding aboriginal land claims across the province. The provincial position is that these claims should be resolved through negotiation, not litigation. Most First Nations agree that the negotiation of claims is the better way to resolve this issue.

A formal process for treaty negotiations in British Columbia has been agreed to amongst the province, Canada and the First Nations Summit. Negotiations commenced in 1994. The province anticipates that these negotiations will result in modern–day treaties defining the boundaries and nature of First Nations treaty settlement lands and rights and ensure a more stable environment for resource development in British Columbia.

The British Columbia Treaty Commission facilitates treaty negotiations under a six–stage negotiation process. As at March 31, 2002, there were 41 treaty tables, including two transboundary tables, in the process, representing two–thirds of the aboriginal people in British Columbia. These 41 treaty tables are broken down as follows:

- three tables in the Readiness stage (Stage 2)
- three tables in the Framework Agreement stage (Stage 3)
- thirty-four tables in the Agreement-in-Principle stage (Stage 4)
- one table (Sechelt) in the Final Negotiation stage (Stage 5).

When final treaty agreements are ratified, the provincial cost of treaties is recorded in the Public Accounts. Costs are amortized over the same period as the period of capital transfers established in final agreements. The provincial cost of the Nisga'a treaty has been recorded and will be amortized over 15 years.

If a final treaty is negotiated on the basis of the Sechelt Agreement in Principle, Sechelt Treaty Land would amount to approximately 2,000 hectares. The province would transfer $4.2 million in capital transfers over a number of years.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

27. Contingencies and Commitments—Continued

Eighty per cent of funding for First Nations negotiation costs is in the form of loans from Canada and is repayable from treaty settlements. Under a 1993 Memorandum of Understanding, the province committed to reimburse Canada 50% of any negotiation support loans that default, along with 50% of the interest accrued. The earliest date at which the loans are expected to become due is 2006 and the amount of any provincial liability is not determinable at this time.

The province is conducting a referendum on treaty principles this spring. British Columbia's position on negotiation topics and mandates will be reviewed later this year in light of the referendum results.

Since the Supreme Court of Canada decision on December 11, 1997 of Delgamuukw v. Her Majesty the Queen in Right of British Columbia and Attorney General of Canada there has been an increase in cases involving aboriginal rights and titles.

The Delgamuukw case itself set out a framework for analyzing aboriginal title but did not find that the Gitxsan and Wet'suwet'en First Nations held aboriginal title. Instead, the court referred the matter back for a new trial. At this time, the Gitxsan and Wet'suwet'en have taken no steps to initiate that action.

Several First Nations have commenced litigation claiming aboriginal title over their asserted Traditional Territories and/or challenging provincial approvals regarding resource allocation and extraction on those lands. These challenges are often commenced on the basis that the provincial Crown has not consulted adequately with respect to aboriginal rights or title.

Of particular significance with respect to consultation are two recent decisions of the BC Court of Appeal: Taku River Tlingit First Nation v. Ringstad et al. and Haida Nation v. BC and Weyerhaeuser. Both cases have held that the Crown has a constitutional obligation (rather than an administrative duty) to consult with First Nations in advance of proven aboriginal rights or title. Appeals are being considered in these cases.

Also of note are court decisions in which it has been determined that the province is required to pay the Plaintiff First Nations' legal costs of the litigation (in advance and regardless of the outcome of the litigation). The province is in the process of appealing these cases.

There are also several cases which challenge the province's exclusive ownership of roads that traverse reserves and seek compensation for the use of those roads. The result of these actions is not determinable at this time.

(c) COMMITMENTS

The government has ongoing operational and capital commitments to fund a variety of programs for public welfare including health, education, social services, protection of persons and properties, and management of natural resources. In addition, the government normally contracts out construction or maintenance of its roads, bridges and buildings. All these ongoing operational and capital commitments are detailed in the Estimates published yearly and are not repeated in this note. Any significant non–operating commitments (less than five years duration costing more than $50 million) and their completion costs are detailed in this note.

The province has committed to a three–year restructuring plan. In each year, the plan and its associated costs are determined, included in the Estimates, and recorded in the financial statements.

The Insurance Corporation of British Columbia has $57.2 million in outstanding commitments related to the Central City development, whose estimated total development cost is $209.4 million.

At the end of each year, the BC Transportation Financing Authority has a number of general commitments outstanding for ongoing infrastructure projects. The approved capital program for 2002/03 is $254.0 million.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

28. Revenue

	In Millions 2002	2001
Taxation revenue includes	$	$
Personal income	5,366	5,963
Corporation income	1,522	1,054
Social service	3,523	3,605
Property	1,461	1,432
Other	2,189	2,209
	14,061	**14,263**

See notes at end of the Schedule of Net Revenue by Source on page 86 for additional information on taxation revenue.

	In Millions 2002	2001
Investment earnings include	$	$
Warehouse Program	90	112
Other	728	863
	818	**975**

29. Expense

	In Millions 2002	2001
Interest expense by function	$	$
Health	154	157
Education	458	460
Transportation	108	90
Interest	1,670	1,873
	2,390	**2,580**

	In Millions 2002	2001
Total expense by group account classification	$	$
Government transfers	19,173	17,491
Salaries and benefits	2,726	2,436
Operating costs	2,670	2,800
Amortization	556	536
Interest	2,390	2,580
Other	657	527
	28,172	**26,370**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

30. Valuation Allowances

	In Millions 2002	2001
	$	$
Accounts receivable	26	23
Inventories for resale	25	
Loans, advances and mortgages receivable	191	5
Investments	7	
Other assets	2	
Accounts payable and accrued liabilities	(44)	
Taxpayer-supported debt	(173)	
Tangible capital assets	171	24
	205	**52**

These amounts are included in Other in expense by group account classification in Note 29 and represent the writedown of assets and liabilities in the above Statement of Financial Position categories.

31. Comparison to Estimates

The Estimates numbers on the Statement of Operations are based on Schedule I of the 2001/02 Estimates (page 288), with certain adjustments to provide a proper comparison of Estimates to 2002 Actuals.

The following table shows the adjustments to conform to 2002 Actuals:

	In Millions Original Estimates 2001/02[1]	Expense Allocation[2]	Recovery Revenue Allocation[3]	Restated Estimates 2001/02
	$	$	$	$
Taxation	13,280			13,280
Natural resources	3,961			3,961
Fees and licences	1,952		253	2,205
Investment earnings	119		690	809
Miscellaneous	830		85	915
Net earnings of self-supported Crown corporations and agencies	1,608			1,608
Contributions from the federal government	2,908		207	3,115
Recoveries	1,235		(1,235)	
	25,893	0	0	25,893

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

31. Comparison to Estimates—Continued

	In Millions			
	Original Estimates 2001/02[1]	Expense Allocation[2]	Recovery Revenue Allocation[3]	Restated Estimates 2001/02
	$	$	$	$
Health	9,740	12		9,752
Social services	3,523	30		3,553
Education	6,866	1		6,867
Protection of persons and property	1,366	(77)		1,289
Transportation	1,505			1,505
Natural resources and economic development	1,770	(21)		1,749
Other	1,263	(11)		1,252
General government	392	66		458
Interest	1,806			1,806
Pension liability adjustment	(58)	58		
	28,173	58	0	28,231
Surplus (deficit) for the year before unusual items	(2,280)	(58)	0	(2,338)
Forecast allowance	(500)			(500)
Gain (loss) on pension settlement	1,280	58		1,338
	(1,500)	**0**	**0**	**(1,500)**

[1]Per Schedule I of the 2001/02 Estimates.
[2]Per Schedule H of the 2002/03 Estimates and to correct function classification.
[3]Recoveries have been reallocated to specific revenue sources in accordance with their nature.

32. Trusts Under Administration

	In Millions	
	2002	2001
	$	$
Public Trustee and Official Administrators —administered by government officials	579	607
Supreme, Provincial and County Court (Suitors' Funds) —administered by the Courts	19	26
Other trust funds —administered by various government officials	35	54
	633	**687**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

33. Workers' Compensation Board of British Columbia (WCB)

WCB administers the *Workers' Compensation Act*. Its main functions are promotion of occupational health and safety, compensation for occupational injury, death or disease, and rehabilitation of injured workers. WCB collects funds necessary for its operations from employers covered under the Act, and operates similar to a trust. It is excluded from the government reporting entity. The audited financial statements of WCB at December 31, reflect the following financial information:

	In Millions	
	2001	2000
	$	$
Assets	8,467	8,264
Liabilities	8,043	7,553
Net Equity	**424**	**711**

	In Millions	
	2001	2000
	$	$
Revenue	1,495	1,651
Expense	1,782	1,576
Surplus (deficit)	**(287)**	**75**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

34. Significant Events

Joint Trusteeship Agreements for Pension Plans

On April 5, 2001, joint trusteeship agreements were entered into for both the Municipal Superannuation Plan and the Teachers' Pension Plan, resulting in the control of the plans and their assets being assumed by newly constituted boards made up of government and plan member representatives. Under these new agreements, the government has no formal claim on pension plan surpluses and is liable for only 50% of any unfunded liabilities.

The settlement of these plans has resulted in the early realization this fiscal year of past actuarial gains that existed in the plans. In the past, these gains would be amortized over a period of approximately 10–12 years. The effect of the settlement is a one–time credit to operations of $1,464 million.

Federal Government Overpayment of Mutual Fund Tax Revenues to Certain Provinces

Canada Customs and Revenue Agency (CCRA) is responsible for administering the *Provincial Income Tax Act* on behalf of British Columbia through the federal/provincial Tax Collection Agreement. Mutual fund trusts pay federal and provincial income taxes on capital gains that are refunded once the individual investors in the fund realize the gains and pay the tax themselves. Due to an error made by the CCRA, provinces were not charged for their portion of these refunds. Based on federal statements, it appears that this problem may be corrected for the 2000 and subsequent taxation years.

The federal Auditor General completed reports on May 31, 2002, that confirmed the errors for the period from 1997 to 1999, and provided only an accounting report on the overpayments in respect of the 1993 to 1996 period. The CCRA estimate of amounts respecting the 1993 to 1999 period for assessed mutual fund trust provincial capital gains refunds is $121 million. The federal Auditor General and provincial comptrollers continue to review the assessments and processing for these years.

British Columbia accounts for its personal income tax revenue on an accrual basis, with the result that recorded revenue is based on what is earned in a fiscal year, regardless of the cash transfers made. Adjustments are made on a going–forward basis as final federal assessment information becomes available. The government estimates a reduction of $58 million for tax year 2000, due to the provincial share of mutual fund refunds. For the 2001 and 2002 tax years, the government has estimated the provincial share of mutual fund refunds at $35 million for each year. The effect of this CCRA error on an accrual basis and adjusted for the provincial fiscal year is a reduction to personal income tax revenue of $52 million in fiscal 2000/01, and $35 million for fiscal 2001/02.

The amount and resolution of the errors relating to 1999 and prior years are under legal review. The government of British Columbia is of the opinion that the financial liability for these corrections is the responsibility of the federal government and not the province. On the basis that this overpayment is the subject of legal action, the amount is noted as a contingent liability at March 31, 2002, and is not included in these statements.

Sale of Skeena Cellulose Inc.

The province is a majority shareholder of Skeena Cellulose Inc. through 552513 British Columbia Ltd., a taxpayer–supported Crown corporation. In September 2001, Skeena Cellulose Inc. was granted protection from its creditors under the *Companies Creditors Arrangement Act*. On April 2, 2002, the creditors of Skeena Cellulose Inc. approved a restructuring plan negotiated by the province which was approved by the Supreme Court of British Columbia on April 4, 2002. This plan resulted in the sale of Skeena Cellulose Inc. and its subsidiaries (excepting Buffalo Head Forest Products Ltd.) to NWBC Timber and Pulp Ltd. for a payment of $6 million to the secured creditors and a payment of $2 million to unsecured creditors. The closing date of the sale was April 26, 2002. The impact of this sale on the Summary Financial Statements' 2001/02 operating result was a $223 million increase in the deficit.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2002—Continued

35. Restructuring Exit Expense

Reported restructuring exit expenses of $224 million do not include an additional $205 million for restructuring exit expenses of government organizations that were consolidated using the modified equity basis. This consists of $165 million for British Columbia Railway Company and $40 million for the Insurance Corporation of British Columbia (ICBC). ICBC's amount does not include an additional $41 million for which it was fully reimbursed by the Consolidated Revenue Fund. The $41 million is included as part of the $224 million.

	In Millions	
	2002	2001
	$	$
Social services	10	
Education	46	
Protection of persons and property	16	
Transportation	7	
Natural resources	41	
Other	104	
	224	0

	In Millions	
	2002	2001
Restructuring exit expense by group account classification:	$	$
Government transfers	42	
Salaries and benefits	95	
Operating costs	22	
Other	65	
	224	0

36. Comparatives

Certain of the comparative figures for the previous year have been restated to conform with the current year's presentation. These restatements have had no effect on the operating result as previously reported except as specifically noted.

Summary Financial Statements
Reporting Entity
for the Fiscal Year Ended March 31, 2002

Taxpayer-supported Crown Corporations and Agencies (Government Organizations) Recorded on a Consolidated Basis

Consolidated Revenue Fund

Health Sector
B.C. Health Care Risk Management Society
British Columbia Health Research Foundation
Canadian Blood Services
Forensic Psychiatric Services Commission

Education Sector
Industry Training and Apprenticeship Commission
Private Post-Secondary Education Commission

Natural Resources and Economic Development Sector
552513 British Columbia Ltd
577315 British Columbia Ltd[1]
580440 B.C. Ltd[1]
632121 British Columbia Ltd[2]
634349 British Columbia Ltd[2]
BC Immigrant Investment Fund Ltd
B.C. Games Society
B.C. Pavilion Corporation
B.C. Society for the Distribution of Gaming Revenue to Charities[1]
British Columbia Enterprise Corporation
British Columbia Racing Commission[3]
British Columbia Securities Commission
British Columbia Trade Development Corporation
Columbia Basin Trust
Creston Valley Wildlife Management Authority Trust Fund
Discovery Enterprises Inc
Duke Point Development Limited
Fisheries Renewal BC[1]
Forest Renewal BC[1]
Homeowner Protection Office
Land and Water British Columbia Inc[4]
Okanagan Valley Tree Fruit Authority
Oil and Gas Commission
Pacific National Exhibition
Science Council of British Columbia
Tourism British Columbia
Vancouver Trade and Convention Centre Authority

Transportation Sector
BC Transportation Financing Authority
British Columbia Ferry Corporation
British Columbia Transit
Rapid Transit Project 2000 Ltd
Victoria Line Ltd

Summary Financial Statements
Reporting Entity
for the Fiscal Year Ended March 31, 2002—Continued

Taxpayer-supported Crown Corporations and Agencies (Government Organizations) Recorded on a Consolidated Basis—continued

Social Services Sector

B.C. Community Financial Services Corporation
British Columbia Housing Management Commission
Provincial Rental Housing Corporation

Other Sector

B.C. Festival of the Arts Society
British Columbia Arts Council
British Columbia Assessment Authority
British Columbia Buildings Corporation
British Columbia Heritage Trust
First Peoples' Heritage, Language and Culture Council
Legal Services Society
Organized Crime Agency of British Columbia Society

Self-Supported Crown Corporations and Agencies (Government Enterprises) Recorded on a Modified Equity Basis

BCIF Management Ltd
British Columbia Hydro and Power Authority
British Columbia Liquor Distribution Branch
British Columbia Lottery Corporation
British Columbia Railway Company
Columbia Power Corporation
Insurance Corporation of British Columbia
Provincial Capital Commission

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[1] These organizations ceased operations during the fiscal year.
[2] These organizations began operations during the fiscal year.
[3] This entity was already operating in prior years but has been consolidated as a government organization in this fiscal year.
[4] This company changed names during the current year. It was formerly known as British Columbia Assets and Land Corporation.

Summary Financial Statements
Statement of Financial Position by Sector
(as identified on pages 61 and 62)
as at March 31, 2002

In Millions

	CRF[1]	Health	Education	Natural Resources	Transpor-tation	Social Services	Other	Adjust-ments[2]	Total
Financial Assets	$	$	$	$	$	$	$	$	$
Cash and temporary investments	538	22	6	133	29	11	46	(5)	780
Warehouse Program investments	1,067								1,067
Accounts receivable	2,700	3	1	22	16	9	18	(101)	2,668
Inventories for resale	180			22	15		33		250
Due from the Province of British Columbia		7		13	28	3	34	(85)	
Due from other governments	94	1			50	11	2		158
Due from self-supported Crown corporations and agencies	384								384
Equity in self-supported Crown corporations and agencies	806							1,719	2,525
Loans, advances and mortgages receivable	422			41	1	130			594
Other investments	150	23		90	9	16			288
Loans for purchase of assets, recoverable from agencies	10,968							(3,416)	7,552
	17,309	56	7	321	148	180	133	(1,888)	16,266

Summary Financial Statements
Statement of Financial Position by Sector
(as identified on pages 61 and 62)
as at March 31, 2002—Continued

In Millions

	CRF[1]	Health	Education	Natural Resources	Transpor-tation	Social Services	Other	Adjust-ments[2]	Total
Liabilities	$	$	$	$	$	$	$	$	$
Accounts payable and accrued liabilities	2,970	18	4	38	186	41	86	(124)	3,219
Due to other governments	83			6	10		1		100
Due to Crown corporations, agencies and funds	83			1				(4)	80
Due to the Province of British Columbia		6		21	30			(57)	
Deferred revenue	416	37	2	15	2,052	104	2	(1,989)	639
Unfunded pension liabilities	6								6
Taxpayer-supported debt	26,746	3		69	2,659	299	596	(3,420)	26,952
Self-supported debt	8,500								8,500
	38,804	64	6	150	4,937	444	685	(5,594)	39,496
Net liabilities	(21,495)	(8)	1	171	(4,789)	(264)	(552)	3,706	(23,230)
Non-Financial Assets									
Tangible capital assets	775	27	1	169	9,026	380	828		11,206
Prepaid capital advances	9,038							(2,005)	7,033
Prepaid program costs	63	13		9	29	10	1		125
Other assets	137				19				156
	10,013	40	1	178	9,074	390	829	(2,005)	18,520
Accumulated surplus (deficit)	**(11,482)**	**32**	**2**	**349**	**4,285**	**126**	**277**	**1,701**	**(4,710)**

[1]Consolidated Revenue Fund. This column includes amounts that may be applicable to other sectors but have not been allocated.

[2]Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors, and between sectors and the Consolidated Revenue Fund.

Summary Financial Statements
Statement of Operations by Sector
(as identified on pages 61 and 62)
for the Fiscal Year Ended March 31, 2002

In Millions

	CRF[1]	Health	Education	Natural Resources	Transpor-tation	Social Services	Other	Adjust-ments[2]	Total
Revenue	$	$	$	$	$	$	$	$	$
Taxation	13,652			38	273		62	36	14,061
Natural resources	3,108			144				11	3,263
Fees and licences	1,589		1	49	382			215	2,236
Investment earnings	61	1		29	1	7	1	718	818
Miscellaneous	260	101	1	175	81	38	123	256	1,035
Contributions from the provincial government/self-supported Crown corporations and agencies	1,437	80	83	324	131	141	481	(1,592)	1,085
Contributions from the federal government	2,855			7	23	82	7	227	3,201
Total revenue	22,962	182	85	766	891	268	674	(129)	25,699
Expense									
Government transfers	19,389		7	89	18	150	12	(492)	19,173
Salaries and benefits	2,109	55	8	100	309	22	135	(12)	2,726
Operating costs	2,230	101	4	412	207	55	362	(701)	2,670
Amortization	145	3		14	341	6	47		556
Interest	1,955			12	124	14	40	245	2,390
Other	1,392	23	67	205	85	15	2	(1,132)	657
Recoveries	(2,468)							2,468	
Operating expense	24,752	182	86	832	1,084	262	598	376	28,172
Surplus (deficit) for the year before unusual items	(1,790)	0	(1)	(66)	(193)	6	76	(505)	(2,473)
Liquidation dividends	256							(256)	
Gain (loss) on pension settlement	1,464								1,464
Restructuring exit expense	(161)			(39)	(7)		(17)		(224)
Surplus (deficit) for the year 2001/02	**(231)**	**0**	**(1)**	**(105)**	**(200)**	**6**	**59**	**(761)**	**(1,233)**
Surplus (deficit) for the year 2000/01	**1,496**	**0**	**1**	**(39)**	**(185)**	**3**	**47**	**103**	**1,426**

[1]Consolidated Revenue Fund. This column includes amounts that may be applicable to other sectors but have not been allocated.

[2]Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors, and between sectors and the Consolidated Revenue Fund.

Summary Financial Statements
Statement of Self–Supported Crown Corporations and Agencies
Summary of Financial Position
as at March 31, 2002

In Millions

	Utility	Insurance	Liquor	Transpor–tation	Finance	Natural Resources	2002 Total	2001 Total
Assets	$	$	$	$	$	$	$	$
Cash and temporary investments	19	5,339	5	17	81	5	5,466	6,160
Accounts receivable	413	122	7	64	46		652	615
Inventories	89		63	167	5		324	172
Long–term investments	238	196					434	530
Tangible capital assets	9,731	125	47	891	22	14	10,830	10,760
Other assets	821	39	3	94	6		963	1,150
	11,311	**5,821**	**125**	**1,233**	**160**	**19**	**18,669**	**19,387**
Liabilities								
Accounts payable and accrued liabilities	1,014	4,330	112	220	110		5,786	6,091
Deferred revenue	1,031	1,252				4	2,287	2,282
Due to the Province of British Columbia	334				50		384	422
Long–term debt due to the Province of British Columbia	6,833			599			7,432	7,317
Other long–term debt	195		13	47			255	274
	9,407	5,582	125	866	160	4	16,144	16,386
Equity								
Investment by the Consolidated Revenue Fund	276			258			534	534
Unremitted earnings—end of year	1,628	239		109		15	1,991	2,467
	1,904	239		367		15	2,525	3,001
Total liabilities and equity	**11,311**	**5,821**	**125**	**1,233**	**160**	**19**	**18,669**	**19,387**

Summary Financial Statements
Statement of Self–Supported Crown Corporations and Agencies
Summary of Results of Operations and Statement of Equity
for the Fiscal Year Ended March 31, 2002

In Millions

	Utility[1]	Insurance[2]	Liquor[3]	Transportation[4]	Finance[5]	Natural Resources[6]	2002 Total	2001 Total
	$	$	$	$	$	$	$	$
Revenue	6,324	2,971	1,798	440	1,613	3	13,149	14,277
Expense	6,066	3,213	1,161	606	1,015	3	12,064	12,552
Net earnings of self–supported Crown corporations and agencies	258	(242)	637	(166)	598		1,085	1,725
Contributions paid to the Consolidated Revenue Fund	(334)		(637)		(449)		(1,420)	(1,431)
Adjustments to contributions[7]					(149)		(149)	(136)
Increase (decrease) in unremitted earnings in self–supported Crown corporations and agencies	(76)	(242)		(166)			(484)	158
Unremitted earnings—beginning of year	1,704	481		268		14	2,467	2,232
Adjustment to unremitted earnings[8]				6		2	8	20
Transfer to consolidated entity[9]								57
Unremitted earnings—end of year	1,628	239		108		16	1,991	2,467
Investment by the Consolidated Revenue Fund	276			258			534	534
Equity in self–supported Crown corporations and agencies for the year	**1,904**	**239**		**366**		**16**	**2,525**	**3,001**

[1]Utility—British Columbia Hydro and Power Authority and Columbia Power Corporation.
[2]Insurance—Insurance Corporation of British Columbia (ICBC).
[3]Liquor—British Columbia Liquor Distribution Branch.
[4]Transportation—British Columbia Railway Company.
[5]Finance—British Columbia Lottery Corporation and BCIF Management Ltd.
[6]Natural Resources—Provincial Capital Commission.
[7]This adjustment is for British Columbia Lottery Corporation transfers to charities and local governments which is shown as a recovery by the Consolidated Revenue Fund.
[8]These adjustments are for two items: (1) to record the earnings of British Columbia Railway Company for the period January 1 to March 31, 2001 ($6 million), which had not been recorded due to the change made this year to use the April 1 to March 31 earnings when preparing the Summary Financial Statements and, (2) Provincial Capital Commission recorded land contributed by Transport Canada as a direct increase to net assets ($2 million).
[9]552513 British Columbia Ltd. (Skeena Cellulose Inc.) no longer met the criteria of a self–supported Crown corporation. It was fully consolidated in the 2000/01 Summary Financial Statements.

Summary Financial Statements
Statement of Tangible Capital Assets[1]
for the Fiscal Year Ended March 31, 2002

In Millions

	Land and Land Improvements[3]	Buildings	Highway Infrastructure	Ferries	Transportation Equipment	Computer Hardware / Software	Other	2002 Total	2001 Total
Historical Cost[2]	$	$	$	$	$	$	$	$	$
Opening cost	788	1,959	9,565	1,271	2,320	723	575	17,201	16,039
Inclusion of Crown corporation previously excluded[4]									125
Additions	56	105	367	56	177	115	69	945	1,269
Disposals and valuation adjustments	(14)	(54)	(60)	(57)	(3)	(64)	(229)	(481)	(232)
	830	2,010	9,872	1,270	2,494	774	415	17,665	17,201
Accumulated Amortization									
Opening balance	68	831	3,431	674	388	444	274	6,110	5,707
Inclusion of Crown corporation previously excluded[4]									22
Amortization expense	5	62	267	44	22	107	49	556	536
Effects of disposals and valuation adjustments		(29)	(11)	(28)		(54)	(85)	(207)	(155)
	73	864	3,687	690	410	497	238	6,459	6,110
Net book value	**757**	**1,146**	**6,185**	**580**	**2,084**	**277**	**177**	**11,206**	**11,091**

[1]This statement includes assets that are held on capital leases at March 31, 2002, at a net book value totalling $76 million (2001: $72 million) which is comprised of: ferries $20 million (2001: $21 million); heavy equipment $4 million (2001: $6 million); and vehicles $52 million (2001: $45 million).

[2]Historical cost includes work-in-progress at March 31, 2002, totalling $427 million (2001: $1,303 million) which is comprised of: buildings $68 million (2001: $35 million); land improvements $7 million (2001: nil); highway infrastructure $126 million (2001: $380 million); ferries $12 million (2001: nil); transportation equipment $175 million (2001: $827 million); computer hardware/software $37 million (2001: $58 million); and specialized equipment $2 million (2001: $3 million).

[3]In 2001/02 the Consolidated Revenue Fund added land improvements to the existing tangible asset classes. *See* Note 26 Accumulated Surplus (Deficit) for information relating to the impact of this change on prior years.

[4]552513 British Columbia Ltd. (Skeena Cellulose Inc.) was fully consolidated for the first time in fiscal 2000/01; previously it had been consolidated on the modified equity basis.

Summary Financial Statements
Statement of Guaranteed Debt[1]
as at March 31, 2002

Guaranteed debt represents that debt of municipalities and other governments, private enterprises and individuals, and debt and minority interests of provincial Crown corporations and agencies, which has been explicitly guaranteed or indemnified by the government, under the authority of a statute, as to net principal or redemption provisions.

	In Millions	
	2002	2001
Taxpayer-supported Guaranteed Debt	Net Outstanding[1] $	Net Outstanding[1] $
Municipalities and other local governments		
Municipal Act debentures	2	2
Subtotal, municipalities and other local governments	2	2
Government services		
Homeowner Protection Act loan guarantees	88	56
Subtotal, government services	88	56
Health and education		
Financial Administration Act student aid loans[2]	90	159
Subtotal, health and education	90	159
Economic development		
Securities Act	2	2
Financial Administration Act:		
Emergency Credit Enhancement Program	11	19
Farm Distress Operating Loan Program	3	4
Feeder Association's Loan Guarantee Program	6	5
Skeena Cellulose Inc[3]		36
Miscellaneous guarantees each less than $1 million	1	1
Home Mortgage Assistance Program Act mortgages	18	20
Home Mortgage Assistance Program Act second mortgages[4]	2	3
Subtotal, economic development	43	90
Total taxpayer-supported guaranteed debt	223	307

Summary Financial Statements
Statement of Guaranteed Debt[1]
as at March 31, 2002—Continued

	In Millions	
	2002	2001
Self-supported Guaranteed Debt	Net Outstanding[1] $	Net Outstanding[1] $
Economic development		
British Columbia Railway Finance Act capital leases[3]	4	5
Subtotal, economic development	4	5
Utilities		
Hydro and Power Authority Act bonds and debentures[3]	93	149
Subtotal, utilities	93	149
Total self-supported guaranteed debt	97	154
Grand total, all guaranteed debt	320	461
Provision for probable payout	(13)	(14)
Net total, all guaranteed debt[5]	**307**	**447**

[1]Guaranteed debt includes gross principal debt less sinking fund balances, and represents the total amount of contingent liability of the government arising from relevant guarantees.

[2]The government enters into risk sharing agreements with the lending institutions that provide student loans whereby the province guarantees the repayment of specific unpaid student loans under certain circumstances. Lending institutions are required to provide claims evidencing that strict criteria have been met prior to the government providing payment.

[3]See the financial statements of Crown corporations and agencies for details of maturity dates, interest rates and redemption features of the outstanding debt of these Crown corporations and agencies and for details of derivative financial products.

[4]The British Columbia Second Mortgage Program was sold to the Bank of Montreal in June 1989, with the condition that the province will buy back any mortgages which may become uncollectible in future years.

[5]Debentures totalling $0.2 million (2001: $0.1 million) have been defeased and are considered extinguished for financial reporting purposes.

Supplementary Information (Unaudited)

Adjusted Net Income of Crown Corporations and Agencies for the Fiscal Year Ended March 31, 2002

(Unaudited)

In Millions

Taxpayer–Supported (Government Organizations)	Revenue	Expense	Net Income	Policy Adjustments	Equity Adjustments	Adjusted Net Income
	$	$	$	$	$	$
552513 British Columbia Ltd	74	(143)	(69)	153		84
577315 BC Ltd				(1)		(1)
580440 BC Ltd						
632121 British Columbia Ltd	124	(124)				
634349 British Columbia Ltd	18	(18)				
B.C. Community Financial Services Corporation	1	(2)	(1)			(1)
B.C. Festival of the Arts Society[1]	1	(1)				
B.C. Games Society	2	(2)				
B.C. Health Care Risk Management Society	16	(16)				
B.C. Pavilion Corporation	33	(35)	(2)			(2)
BC Immigrant Investment Fund Ltd						
BC Society for the Distribution of Gaming Revenue to Charities	25	(25)				
BC Transportation Financing Authority	466	(466)		(185)		(185)
British Columbia Arts Council						
British Columbia Assessment Authority[2]	66	(64)	2	(6)		(4)
British Columbia Buildings Corporation	465	(428)	37	16	(15)	38
British Columbia Enterprise Corporation						
British Columbia Ferry Corporation	473	(496)	(23)	17		(6)
British Columbia Health Research Foundation						
British Columbia Heritage Trust	1	(1)				
British Columbia Housing Management Commission	260	(260)				
British Columbia Racing Commission	14	(14)		1		1
British Columbia Securities Commission	27	(27)				
British Columbia Trade Development Corporation						
British Columbia Transit	118	(119)	(1)	(9)		(10)
Canadian Blood Services	116	(116)				
Columbia Basin Trust	7	(10)	(3)			(3)
Creston Valley Wildlife Management Authority Trust Fund	1	(1)				
Discovery Enterprises Inc		(2)	(2)			(2)
Duke Point Development Limited	2	(2)			(2)	(2)
First Peoples' Heritage, Language and Culture Council	2	(1)	1			1
Fisheries Renewal BC	14	(23)	(9)		(1)	(10)
Forensic Psychiatric Services Commission	50	(50)				

Adjusted Net Income of Crown Corporations and Agencies for the Fiscal Year Ended March 31, 2002—Continued
(Unaudited)

In Millions

	Revenue	Expense	Net Income	Policy Adjustments	Equity Adjustments	Adjusted Net Income
Taxpayer–Supported (Government Organizations)—Continued	$	$	$	$	$	$
Forest Renewal BC	163	(342)	(179)		(255)	(434)
Homeowner Protection Office	19	(19)				
Industry Training and Apprenticeship Commission	82	(83)	(1)	1		
Land and Water British Columbia Inc[3]	23	(26)	(3)			(3)
Legal Services Society	101	(95)	6			6
Oil and Gas Commission	17	(16)	1			1
Okanagan Valley Tree Fruit Authority	6	(5)	1			1
Organized Crime Agency of British Columbia Society	18	(17)	1	3		4
Pacific National Exhibition[2]	36	(36)		(1)		(1)
Private Post–Secondary Education Commission	1	(1)				
Provincial Rental Housing Corporation	18	(13)	5	2		7
Rapid Transit Project 2000 Ltd	31	(31)				
Science Council of British Columbia	19	(19)		6		6
Tourism British Columbia	35	(36)	(1)	(2)		(3)
Vancouver Trade and Convention Centre Authority						
Victoria Line Ltd[2]						
Net impact of taxpayer–supported Crown corporations and agencies	**2,945**	**(3,185)**	**(240)**	**(5)**	**(273)**	**(518)**
Self–Supported (Government Enterprises)						
BCIF Management Ltd	6,456	(6,053)	403	(145)	(332)	(74)
British Columbia Hydro and Power Authority	1,798	(1,161)	637		(637)	
British Columbia Liquor Distribution Branch	1,613	(1,007)	606	(157)	(449)	
British Columbia Lottery Corporation	449	(556)	(107)	(59)		(166)
British Columbia Railway Company[2]	13	(13)			(2)	(2)
Columbia Power Corporation	2,901	(3,152)	(251)	9		(242)
Insurance Corporation of British Columbia[2]	3	(3)				
Provincial Capital Commission						
Net impact of self–supported Crown corporations and agencies	**13,233**	**(11,945)**	**1,288**	**(352)**	**(1,420)**	**(484)**

[1]The revenues and expenses reported for this entity are as at August 31, 2001.

[2]The revenues and expenses reported for the British Columbia Assessment Authority, the Pacific National Exhibition, Victoria Line Ltd., the British Columbia Railway Company and the Insurance Corporation of British Columbia are as at December 31, 2001.

[3]Formerly British Columbia Assets and Land Corporation.

Impact of SUCH[1] Sector on the Summary Financial Statements Statement of Financial Position as at March 31, 2002

(Unaudited)

In Millions

	Summary Statements[2]	Health Authorities[3]	Regional Hospital Districts[3]	Universities, Colleges and Institutes[3]	School Districts[3]	Adjustments[4]	Total[5]	Net Effect
Financial Assets	$	$	$	$	$	$	$	$
Cash and temporary investments	780	569	41	573	401		2,364	1,584
Warehouse Program investments	1,067						1,067	
Accounts receivable	2,668	106	1	88	32		2,895	227
Inventories for resale	250			28	6		284	34
Due from the Province of British Columbia		188		62	2	(252)		
Due from other governments	158	20	7	20	34		239	81
Due from self-supported Crown corporations and agencies	384	18		1		(19)	384	
Equity in self-supported Crown corporations and agencies	2,525						2,525	
Loans, advances and mortgages receivable	594			2			596	2
Other investments	288	19	12	982			1,301	1,013
Loans for purchase of assets, recoverable from agencies	7,552					(113)	7,439	(113)
	16,266	920	61	1,756	475	(384)	19,094	2,828

Impact of SUCH[1] Sector on the Summary Financial Statements Statement of Financial Position as at March 31, 2002—Continued

(Unaudited)

In Millions

	Summary Statements[2]	Health Authorities[3]	Regional Hospital Districts[3]	Universities, Colleges and Institutes[3]	School Districts[3]	Adjustments[4]	Total[5]	Net Effect
Liabilities	$	$	$	$	$	$	$	$
Accounts payable and accrued liabilities	3,219	1,062	15	410	434	(258)	4,882	1,663
Due to other governments	100	22		12			134	34
Due to Crown corporations, agencies and funds	80	1	3			(4)	80	
Due to the Province of British Columbia		2		3		(5)		
Deferred revenue	639	2,515		1,690	4,161	(7,541)	1,464	825
Unfunded pension liabilities	6						6	
Taxpayer–supported debt	26,952	155	213	292	34	(114)	27,532	580
Self–supported debt	8,500						8,500	
	39,496	3,757	231	2,407	4,629	(7,922)	42,598	3,102
Net liabilities	(23,230)	(2,837)	(170)	(651)	(4,154)	7,538	(23,504)	(274)
Non–Financial Assets								
Tangible capital assets	11,206	2,953	5	2,855	4,247		21,266	10,060
Prepaid capital advances	7,033		505			(7,538)		(7,033)
Prepaid program costs	125	78		5	8		216	91
Other assets	156	1		10			167	11
	18,520	3,032	510	2,870	4,255	(7,538)	21,649	3,129
Accumulated surplus (deficit)	**(4,710)**	**195**	**340**	**2,219**	**101**	**0**	**(1,855)**	**2,855**

[1]Schools, Universities, Colleges and institutes, and Health care organizations.
[2]See Summary Financial Statements, Statement of Financial Position, on page 25.
[3]The province does not necessarily hold title to the assets of these organizations.
[4]Represents adjustments to eliminate transactions that occurred within the SUCH sector, and between the SUCH sector and other consolidated entities included in the Summary Financial Statements.
[5]Represents Summary Financial Statements including the SUCH sector.

Impact of SUCH[1] Sector on the Summary Financial Statements Statement of Operations for the Fiscal Year Ended March 31, 2002
(Unaudited)

In Millions

	Summary Statements[2]	Health Authorities	Regional Hospital Districts	Universities, Colleges and Institutes	School Districts	Adjustments[3]	Total	Net Effect
Revenue	$	$	$	$	$	$	$	$
Taxation	14,061		75				14,136	75
Natural resources	3,263						3,263	
Fees and licences	2,236	383		452	148		3,219	983
Investment earnings	818	23	2	74	28	(15)	930	112
Miscellaneous	1,035	201	3	731	59	(127)	1,902	867
Contributions from the provincial government/ self–supported Crown corporations and agencies	1,085	6,171		1,621	4,296	(12,088)	1,085	
Contributions from the federal government	3,201	4	1	155	17		3,378	177
Total revenue	25,699	6,782	81	3,033	4,548	(12,230)	27,913	2,214

Impact of SUCH[1] Sector on the Summary Financial Statements Statement of Operations for the Fiscal Year Ended March 31, 2002—Continued

(Unaudited)

In Millions

	Summary Statements[2]	Health Authorities	Regional Hospital Districts	Universities, Colleges and Institutes	School Districts	Adjustments[3]	Total	Net Effect
Expense	$	$	$	$	$	$	$	$
Health	10,067	6,682	24			(6,205)	10,568	501
Social services	3,442						3,442	
Education	6,930			2,774	4,568	(6,003)	8,269	1,339
Protection of persons and property	1,312						1,312	
Transportation	1,543					(3)	1,540	(3)
Natural resources and economic development	1,853					(5)	1,848	(5)
Other	823						823	
General government	532						532	
Interest	1,670	6	30	11	1	(14)	1,704	34
Total operating expense	28,172	6,688	54	2,785	4,569	(12,230)	30,038	1,866
Surplus (deficit) for the year before unusual items	(2,473)	94	27	248	(21)	0	(2,125)	348
Gain (loss) on pension settlement	1,464						1,464	
Restructuring exit expense	(224)	(68)		(55)			(347)	(123)
Surplus (deficit) for the year ended March 31, 2002	**(1,233)**	**26**	**27**	**193**	**(21)**	**0**	**(1,008)**	**225**
Surplus (deficit) for the year ended March 31, 2001	**1,426**	**(137)**	**19**	**174**	**(2)**	**0**	**1,480**	**54**

[1]Schools, Universities, Colleges and institutes, and Health care organizations.

[2]*See* Summary Financial Statements, Statement of Operations, on page 26.

[3]Represents adjustments to eliminate transactions that occurred within the SUCH sector, and between the SUCH sector and other consolidated entities included in the Summary Financial Statements.

Summary Financial Statements including SUCH[1] Sector
Statement of Financial Position by Sector
as at March 31, 2002
(Unaudited)

In Millions

	CRF[2]	Expanded Health[3]	Expanded Education[4]	Natural Resources	Transport-ation	Social Services	Other	Adjust-ments[5]	Total
Financial Assets	$	$	$	$	$	$	$	$	$
Cash and temporary investments	538	632	981	133	29	11	46	(6)	2,364
Warehouse Program investments	1,067								1,067
Accounts receivable	2,700	110	121	22	16	9	18	(101)	2,895
Inventories for resale	180		34	22	15		33		284
Due from the Province of British Columbia		196	65	13	28	3	34	(339)	
Due from other governments	94	29	53		50	11	2		239
Due from self-supported Crown corporations and agencies	384	3	2					(5)	384
Equity in self-supported Crown corporations and agencies	806							1,719	2,525
Loans, advances and mortgages receivable	422		2	41	1	130			596
Other investments	150	53	983	90	9	16			1,301
Loans for purchase of assets, recoverable from agencies	10,968							(3,529)	7,439
	17,309	1,023	2,241	321	148	180	133	(2,261)	19,094

Summary Financial Statements including SUCH[1] Sector
Statement of Financial Position by Sector
as at March 31, 2002—Continued
(Unaudited)

In Millions

	CRF[2]	Expanded Health[3]	Expanded Education[4]	Natural Resources	Transport-ation	Social Services	Other	Adjust-ments[5]	Total
Liabilities	$	$	$	$	$	$	$	$	$
Accounts payable and accrued liabilities	2,970	1,084	847	38	186	41	86	(370)	4,882
Due to other governments	83	22	12	6	10		1		134
Due to Crown corporations, agencies and funds	83	3		1				(7)	80
Due to the Province of British Columbia		8	2	21	30			(61)	
Deferred revenue	416	2,045	5,854	15	2,052	104	2	(9,024)	1,464
Unfunded pension liabilities	6								6
Taxpayer-supported debt	26,746	371	326	69	2,659	299	596	(3,534)	27,532
Self-supported debt	8,500								8,500
	38,804	3,533	7,041	150	4,937	444	685	(12,996)	42,598
Net liabilities	(21,495)	(2,510)	(4,800)	171	(4,789)	(264)	(552)	10,735	(23,504)
Non-Financial Assets									
Tangible capital assets	775	2,984	7,104	169	9,026	380	828		21,266
Prepaid capital advances	9,038							(9,038)	
Prepaid program costs	63	90	14	9	29	10	1		216
Other assets	137	2	9		19				167
	10,013	3,076	7,127	178	9,074	390	829	(9,038)	21,649
Accumulated surplus (deficit)	**(11,482)**	**566**	**2,327**	**349**	**4,285**	**126**	**277**	**1,697**	**(1,855)**

[1]Schools, Universities, Colleges and institutes, and Health care organizations.
[2]Consolidated Revenue Fund.
[3]Comprised of Health Sector (per Summary Financial Statements), Health Authorities and Regional Hospital Districts.
[4]Comprised of Education Sector (per Summary Financial Statements), Universities, Colleges and Institutes, and School Districts.
[5]Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors, and between sectors and the CRF.

Summary Financial Statements including SUCH[1] Sector
Statement of Operations by Sector
for the Fiscal Year Ended March 31, 2002
(Unaudited)

In Millions

	CRF[2]	Expanded Health[3]	Expanded Education[4]	Natural Resources	Transport-ation	Social Services	Other	Adjust-ments[5]	Total
Revenue	$	$	$	$	$	$	$	$	$
Taxation	13,652	75		38	273		62	36	14,136
Natural resources	3,108			144				11	3,263
Fees and licences	1,589	366	601	49	382			232	3,219
Investment earnings	61	26	101	29	1	7	1	704	930
Miscellaneous	260	305	791	175	81	38	123	129	1,902
Contributions from the provincial government/self-supported Crown corporations and agencies	1,437	6,250	5,931	324	131	141	481	(13,610)	1,085
Contributions from the federal government	2,855	5	172	7	23	82	7	227	3,378
Total revenue	22,962	7,027	7,596	766	891	268	674	(12,271)	27,913

Summary Financial Statements including SUCH[1] Sector
Statement of Operations by Sector
for the Fiscal Year Ended March 31, 2002—Continued
(Unaudited)

In Millions

	CRF[2]	Expanded Health[3]	Expanded Education[4]	Natural Resources	Transport-ation	Social Services	Other	Adjust-ments[5]	Total
Expense	$	$	$	$	$	$	$	$	$
Government transfers	19,389	197	79	89	18	150	12	(11,937)	7,997
Salaries and benefits	2,109	4,304	5,623	100	309	22	135	(11)	12,591
Operating costs	2,230	2,008	1,109	412	207	55	362	(1,138)	5,245
Amortization	145	258	397	14	341	6	47		1,208
Interest	1,955	36	12	12	124	14	40	231	2,424
Other	1,392	103	149	205	85	15	2	(1,378)	573
Recoveries	(2,468)							2,468	
Total operating expense	24,752	6,906	7,369	832	1,084	262	598	(11,765)	30,038
Surplus (deficit) before unusual items	(1,790)	121	227	(66)	(193)	6	76	(506)	(2,125)
Liquidation dividend	256							(256)	
Gain (loss) on pension settlement	1,464								1,464
Restructuring exit expense	(161)	(68)	(55)	(39)	(7)		(17)		(347)
Surplus (deficit) for the year 2001/02	**(231)**	**53**	**172**	**(105)**	**(200)**	**6**	**59**	**(762)**	**(1,008)**
Surplus (deficit) for the year 2000/01	**1,496**	**(116)**	**173**	**(39)**	**(185)**	**3**	**47**	**101**	**1,480**

[1]Schools, Universities, Colleges and institutes, and Health care organizations.
[2]Consolidated Revenue Fund.
[3]Comprised of Health Sector (per Summary Financial Statements), Health Authorities and Regional Hospital Districts.
[4]Comprised of Education Sector (per Summary Financial Statements), Universities, Colleges and Institutes, and School Districts.
[5]Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors, and between sectors and the CRF.

Consolidated Revenue Fund Extracts (Unaudited)

Consolidated Revenue Fund
Operating Result
for the Fiscal Year Ended March 31, 2002
(Unaudited)

In Millions

	2002		2001
	Estimated[1] $	Actual $	Actual $
Revenue			
Taxation	12,908	13,652	13,881
Natural resource	3,794	3,108	3,975
Other	1,826	1,910	1,860
Contributions from Crown corporations and agencies	1,411	1,437	1,500
Contributions from the federal government	2,798	2,855	2,797
	22,737	22,962	24,013
Expense			
Health[2]	9,646	9,846	8,745
Social services	3,400	3,286	3,126
Education[2]	6,862	6,854	6,357
Protection of persons and property	1,199	1,198	1,101
Transportation[2]	667	701	611
Natural resources and economic development	1,079	1,340	1,030
Other	757	399	341
General government	375	367	265
Interest[2,3]	823	761	889
	24,808	24,752	22,465
Surplus (deficit) before unusual items	(2,071)	(1,790)	1,548
Liquidation dividends		256	
Gain (loss) on pension settlement[4]	1,338	1,464	(52)
Restructuring exit expense		(161)	
Surplus (deficit) for the year	**(733)**	**(231)**	**1,496**

[1] The estimated amount consists of the original Estimates presented to the Legislative Assembly July 30, 2001. It does not contain any appropriations granted in subsequent Supplementary Estimates.

[2] For 2001/02, interest expense of $454 million (2001: $460 million) is included in education expense, $155 million (2001: $157 million) is included in health expense and $109 million (2001: $90 million) is included in transportation expense.

[3] Interest expense does not include the following: interest of $817 million (2001: $872 million) on cost of borrowing for relending to government bodies; interest of $90 million (2001: $112 million) on cost of unallocated borrowing under the Warehouse Program; interest of $9 million (2001: $8 million) on borrowings under the Provincial Treasury Revenue Program; and, interest of $0.1 million (2001: $0.3 million) on cost of financial agreements entered into on behalf of government bodies. These amounts are not included because the interest expense and recovery are offsetting.

[4] On April 5, 2001, joint trusteeship agreements were entered into for both the Municipal Superannuation Plan and the Teachers' Pension Plan, resulting in the control of the plans and their assets being assumed by independent boards made up of government and plan member representatives. The plan settlements resulted in the realization this fiscal year of past actuarial gains that existed in the former plans on the settlement date. Formerly, these gains were amortized into operations over a period of approximately 10 to 12 years. The effect of the settlements is a one-time credit to operations in the amount of $1,464 million. The 2001 amount of $52 million expense reflects the cost of pension plan amendments given effect in that fiscal year.

Consolidated Revenue Fund
Schedule of Net Revenue by Source
for the Fiscal Year Ended March 31, 2002
(Unaudited)

In Millions

	2002		2001
	Estimated $	Actual $	Actual $
Taxation Revenue[1]			
Personal income	4,935	5,375	5,963
Corporation income	1,154	1,522	1,054
Provincial sales tax	3,664	3,535	3,617
Property	1,406	1,401	1,371
Fuel	416	398	443
Other	1,382	1,493	1,470
Commissions on collection of public funds	(24)	(36)	(23)
Valuation adjustments	(25)	(36)	(14)
Total taxation revenue	12,908	13,652	13,881
Natural Resource Revenue			
Petroleum, natural gas and minerals	1,866	1,352	1,900
Forests	1,150	1,109	1,153
Water and other	790	659	941
Commissions on collection of public funds	(2)	(1)	(1)
Valuation adjustments	(10)	(11)	(18)
Total natural resource revenue	3,794	3,108	3,975
Other Revenue			
Medical Services Plan premiums	904	955	895
Motor vehicle licences and permits	345	346	342
Other fees and licences	349	339	330
Investment earnings	70	64	111
Miscellaneous	220	259	225
Asset dispositions		42	
Commissions on collection of public funds	(13)	(11)	(7)
Valuation adjustments	(49)	(84)	(36)
Total other revenue	1,826	1,910	1,860
Contributions from Government Enterprises			
Taxpayer-supported Crown corporations and agencies			
British Columbia Buildings Corporation	16	15	50
Other	2	3	19
Total contributions from taxpayer-supported Crown corporations and agencies	18	18	69
Self-supported Crown corporations and agencies			
British Columbia Hydro and Power Authority	346	332	372
British Columbia Liquor Distribution Branch	616	636	642
British Columbia Lottery Corporation	429	449	414
Other	2	2	3
Total contributions from self-supported Crown corporations and agencies	1,393	1,419	1,431
Total contributions from government enterprises	1,411	1,437	1,500

Consolidated Revenue Fund
Schedule of Net Revenue by Source
for the Fiscal Year Ended March 31, 2002—Continued
(Unaudited)

In Millions

	2002		2001
	Estimated $	Actual $	Actual $
Contributions from the Federal Government			
Canada health and social transfer	2,620	2,445	2,619
Federal equalization program		226	
Other contributions	178	184	178
Total contributions from the federal government	2,798	2,855	2,797
Net Consolidated Revenue Fund revenue	**22,737**	**22,962**	**24,013**
Liquidation dividends		**256**	
Revenue Collected for and Transferred to Crown Corporations, Agencies and Other Entities[2]			
BC Transportation Financing Authority	(204)	(195)	(202)
Forest Renewal BC	(167)	(144)	(187)
Greater Vancouver Transportation Authority (Translink)	(197)	(201)	(173)
Rural area property taxes	(168)	(164)	(156)
Other Crown corporations, agencies and entities	(137)	(134)	(124)
Total	**(873)**	**(838)**	**(842)**

[1]Personal income tax and corporation income tax revenues are recorded after adjustment for tax credits. Personal income tax was reduced by $94 million (2001: $84 million) and corporation income tax was reduced by $107 million (2001: $111 million). The types of tax credits adjusting personal income tax and corporation income tax revenues are for foreign taxes, logging taxes, venture capital, political contributions, low income rent reductions, low income tax rebates and royalty tax rebates.

Personal income tax revenue is also reduced by $71 million (2001: $85 million) which represents that portion of the BC Family Bonus program costs recorded against revenue.

Additional personal income tax and corporation income tax refunds are issued under the *International Financial Business (Tax Refund) Act*. Personal income tax refunds were $0.6 million (2001: $0.4 million) and corporation income tax refunds were $5.7 million (2001: $2.7 million).

Property revenue is net of home owner grants of $504 million (2001: $495 million).

[2]The Revenue Collected for and Transferred to Crown Corporations, Agencies and Other Entities has not been included in their revenue sources.

Consolidated Revenue Fund
Schedule of Comparison of Estimated Expenses to Actual Expenses for the Fiscal Year Ended March 31, 2002
(Unaudited)

In Thousands

Special Offices, Ministries and Other Appropriations	Estimated	Other Authorizations	Total Authorizations	Actual
	$	$	$	$
Legislation	43,625		43,625	38,944
Officers of the Legislature	51,475		51,475	45,301
Office of the Premier	20,373		20,373	18,281
Advanced Education	1,894,059	43,400	1,937,459	1,937,459
Agriculture, Food and Fisheries	81,776	(5)	81,771	80,017
Attorney General	552,362	35,928	588,290	540,609
Children and Family Development	1,550,870		1,550,870	1,523,587
Community, Aboriginal and Women's Services	562,445	(21,500)	540,945	521,044
Competition, Science and Enterprise	71,996	3,356	75,352	75,352
Education	4,843,492		4,843,492	4,841,860
Energy and Mines	67,463	3,220	70,683	66,924
Finance	46,822	27	46,849	44,160
Forests	538,993	(1,755)	537,238	498,408
Health Planning	4,798		4,798	3,313
Health Services	9,513,313	230,001	9,743,314	9,714,708
Human Resources	1,938,800	105	1,938,905	1,905,976
Management Services	63,992	32,999	96,991	96,990
Provincial Revenue	49,749		49,749	48,473
Public Safety and Solicitor General	498,861	24,558	523,419	523,302
Skills Development and Labour	30,242		30,242	29,947
Sustainable Resource Management	133,467	403	133,870	129,728
Transportation	672,256	40,618	712,874	707,204
Water, Land and Air Protection	215,880	233	216,113	213,022
Management of Public Funds and Debt	823,000		823,000	761,377
BC Family Bonus	120,000		120,000	103,101
Contingencies (All Ministries) and New Programs[1]	360,000	(180,966)	179,034	
Commissions on Collection of Public Funds and Allowances for Doubtful Revenue Accounts	1		1	
Environmental Assessment Office	3,492		3,492	2,991
Environmental Boards and Forest Appeals Commission	1,967		1,967	1,474
Forest Practices Board	5,053		5,053	4,950
Public Sector Employers' Council	3,054		3,054	1,816
Seismic Mitigation	30,000		30,000	30,000
Skeena Cellulose Inc		340,000	340,000	306,937
Government Restructuring (All Ministries)		95,000	95,000	80,711
Insurance and Risk Management Special Account	13,249	539	13,788	13,788
Unclaimed Property Special Account	1,075	23,551	24,626	24,626
Transfer from the Unclaimed Property Special Account to the General Fund		(23,487)	(23,487)	(23,487)
Change in unfunded pension liability	(58,000)		(58,000)	
Total expense including restructuring exit expense	24,750,000	646,225	25,396,225	24,912,893
Change in unfunded pension liability (part of gain/loss on pension settlement)	58,000		58,000	
Restructuring exit expense[2]				(161,448)
Total expense	**24,808,000**	**646,225**	**25,454,225**	**24,751,445**

Consolidated Revenue Fund
Schedule of Comparison of Estimated Expenses to Actual Expenses for the Fiscal Year Ended March 31, 2002—Continued
(Unaudited)

	In Thousands			
	Estimated	Other Authorizations	Total Authorizations	Actual
Summary of Appropriations	$	$	$	$
Voted expense	24,440,680	669,206	25,109,886	24,572,323
Statutory				
Various Acts		1,281	1,281	1,281
Special Accounts	496,430	212,661	709,091	700,614
Special Fund	10	40,038	40,048	40,048
Inter-account transfers	(129,120)	(276,961)	(406,081)	(401,373)
Change in unfunded pension liability	(58,000)		(58,000)	
Total expense by appropriation including restructuring exit expense—2001/02	24,750,000	646,225	25,396,225	24,912,893
Change in unfunded pension liability (part of gain/loss on pension settlement)	58,000		58,000	
Restructuring exit expense[2]				(161,448)
Total expense by appropriation—2001/02	**24,808,000**	**646,225**	**25,454,225**	**24,751,445**
Total expense by appropriation—2000/01	**22,429,603**	**1,069,170**	**23,498,773**	**22,465,052**

[1] Budget for Contingencies has been reallocated to ministries with approved access.
[2] See Note 1—Significant Accounting Policies for information.

Consolidated Revenue Fund
Schedule of Financing Transaction Disbursements
for the Fiscal Year Ended March 31, 2002
(Unaudited)

In Thousands

	Estimated	Other Authorizations	Total	Actual Disbursements
Special Offices, Ministries and Other Appropriations	$	$	$	$
Legislation	4,477		4,477	1,114
Officers of the Legislature	3,759		3,759	1,455
Office of the Premier	514		514	215
Advanced Education	242,306		242,306	170,350
Agriculture, Food and Fisheries	4,447	437	4,884	1,884
Attorney General	29,122	1,250	30,372	27,725
Children and Family Development	31,027		31,027	8,292
Community, Aboriginal and Women's Services	6,890		6,890	4,166
Competition, Science and Enterprise	1,553	399	1,952	1,427
Education	310,797		310,797	286,964
Energy and Mines	65,894	2,517	68,411	68,217
Finance	11,022		11,022	6,867
Forests	202,437	1,150	203,587	180,235
Health Services	308,504		308,504	193,100
Human Resources	13,966		13,966	5,106
Management Services	34,284		34,284	20,285
Provincial Revenue	719,020	3,222	722,242	690,075
Public Safety and Solicitor General	20,418	324	20,742	16,677
Skills Development and Labour	6,031		6,031	3,051
Sustainable Resource Management	35,245	782	36,027	35,050
Transportation	329,623	1,893	331,516	222,661
Water, Land and Air Protection	15,506	4,723	20,229	20,229
Contingencies (All Ministries) and New Programs	20,000	(9,409)	10,591	
Environmental Assessment Office	186		186	
Environmental Boards and Forest Appeals Commission	130		130	13
Forest Practices Board	125		125	124
Public Sector Employers' Council	94		94	55
Insurance and Risk Management	448		448	199
Unclaimed Property	50		50	6
Total financing transaction disbursements	**2,417,875**	**7,288**	**2,425,163**	**1,965,542**
Summary of Appropriations				
Loans, investments and other requirements	233,800	992	234,792	188,185
Prepaid capital advances	1,018,000		1,018,000	735,805
Revenue collected for, and transferred to, other entities	872,700	6,063	878,763	838,452
Capital Expenditures				
Land and land improvements	38,720	233	38,953	39,240
Buildings	2,685		2,685	2,371
Specialized equipment	19,818		19,818	15,197
Office furniture and equipment	14,191		14,191	5,946
Vehicles	6,913		6,913	26,795
Information systems	192,820		192,820	101,549
Tenant improvements	17,257		17,257	10,883
Roads, bridges and ferries	1,264		1,264	1,396
Recoveries	(293)		(293)	(277)
Total financing transactions by appropriation	**2,417,875**	**7,288**	**2,425,163**	**1,965,542**

Consolidated Revenue Fund
Schedule of Information Required Under Section 10(c)(iv),(v) and (vi) of the *Financial Administration Act* for the Fiscal Year Ended March 31, 2002
(Unaudited)

In Millions

Ministry	Assets, Debts and Obligations Written Off	Debts and Obligations Extinguished	Remissions Made
	$	$	$
Advanced Education	6	4	
Children and Family Development	11		
Competition, Science and Enterprise	2	4	
Education	1		
Energy and Mines	1		
Forests	8		
Health Services	6		3
Human Resources	7		
Provincial Revenue	58		
Sustainable Resource Management	7		
Transportation	2	1	
Total 2001/02	**109**	**9**	**3**
Total 2000/01	**63**	**4**	**5**

This statement includes amounts authorized by sections 17, 18, and 19 of the *Financial Administration Act*. Amounts authorized for write-off, forgiveness or remission by other statutes are not shown separately in these financial statements.

Provincial Debt Summary

Overview of Provincial Debt
(Unaudited)

The provincial government and its Crown corporations and agencies incur debt to finance operations and capital projects. Borrowing for operations is required when revenues fall short of expenditures and to meet other cash requirements such as loans and investments. Borrowing for capital projects finances the building of schools, hospitals, roads, public transit and other social and economic capital assets. As these investments provide essential services over several years, the government, like the private sector, borrows to fund these projects and amortizes the costs over the asset's useful life.

Provincial debt is reported using two basic classifications: (1) taxpayer–supported debt; and (2) self–supported debt.

Taxpayer–supported Debt—includes government direct debt, which is incurred for government operating and capital purposes, and the debt of those Crown corporations and agencies which require an operating or debt service subsidy from the provincial government or which are fully consolidated in the Summary Financial Statements. Examples include debt of the British Columbia Ferry Corporation, British Columbia Buildings Corporation, and BC Transportation Financing Authority.

Self–supported Debt—includes the debt of commercial Crown corporations and agencies as well as the Warehouse Program. Commercial Crown corporations and agencies generate sufficient revenues to cover interest costs and repay principal, and may pay dividends to the province. The British Columbia Hydro and Power Authority and British Columbia Railway Company are examples of commercial Crown corporations. The Warehouse Program is used to take advantage of borrowing opportunities in advance of requirements. Eventually, this debt is allocated to the province, Crown corporations or agencies; in the interim, the funds are invested at market rates.

The following provincial debt summary provides additional detailed information and related key indicators and benchmarks to allow a more informed assessment of the debt totals. A reconciliation is also provided to explain the differences between the Debt Statistics report and the Summary Financial Statements.

The total provincial debt as at March 31, 2002 was $35,916 million which consists of $35,452 million in the Summary Financial Statements, together with $241 million in additional debt of self–supported Crown corporations and agencies and $223 million in additional taxpayer–supported debt.

Provincial Debt
as at March 31, 2002
(Unaudited)

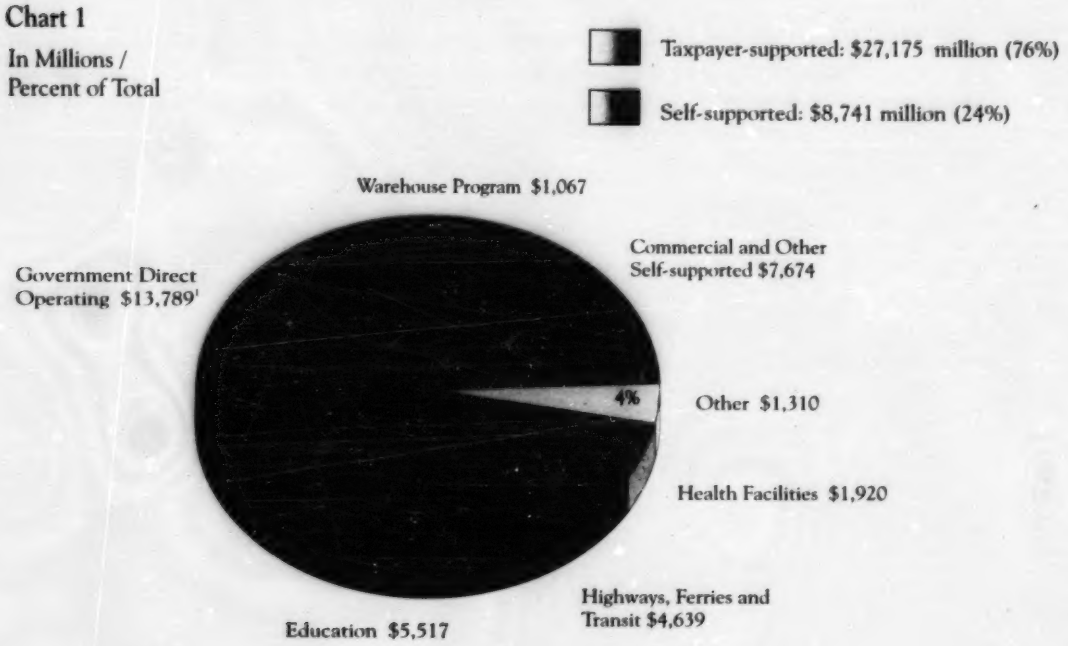
The accumulated provincial debt of $35,916 million has been incurred for various purposes as shown in Chart 1 below. Over the years, borrowing activity has contributed to economic development in the province and has provided resources to deliver health, education and social programs, and transportation infrastructure.

At March 31, 2002, taxpayer–supported debt totalled $27,175 million—including debt incurred for government operating purposes ($13,789 million), educational facilities ($5,517 million), health facilities ($1,920 million), transportation infrastructure ($4,639 million) and other debt ($1,310 million). Other debt is comprised mainly of British Columbia Buildings Corporation, social housing, student loans, and loans to universities and colleges.

At March 31, 2002, self–supported debt totalled $8,741 million—including debt of commercial Crown corporations and agencies ($7,674 million) and the Warehouse Program ($1,067million). Commercial debt includes the debt of British Columbia Hydro and Power Authority, British Columbia Railway Company, Columbia Basin Power Company, and Columbia Power Corporation.

Chart 1

In Millions /
Percent of Total



[1]Operating debt includes a portion of highway infrastructure debt incurred prior to 1994/95, ferry infrastructure debt transferred in 1999/00, and amounts required to finance operating deficits.

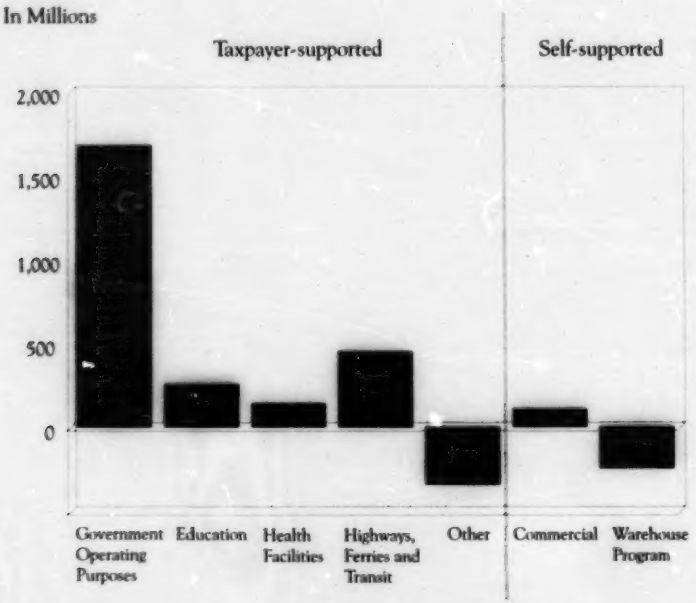
Change in Provincial Debt[1]
(Unaudited)

Provincial debt increased by $2,036 million in 2001/02; of this, taxpayer–supported debt increased by $2,177 million and self–supported debt decreased by $141 million (see Chart 2 below).

Taxpayer–supported Debt—The 2001/02 increase of $2,177 million was primarily due to a significant increase in government operating debt ($1,676 million)to finance the operating deficit, working capital, financing transactions and the assumption and payouts related to Skeena Cellulose Inc.'s debt. The 2001/02 increase also included new capital financing totalling $842 million which was used to fund various provincial infrastructures in the education ($254 million), health ($140 million), and transportation ($448 million) sectors. Other debt decreased by $341 million due to the assumption of Skeena Cellulose Inc.'s debt by the government and the minority shareholder.

Self–supported Debt—The 2001/02 decrease of $141 million consists of a $104 million increase in commercial Crown corporations debt and a $245 million reduction in Warehouse Program debt. The commercial Crown corporations debt increased due to new capital financing for power projects by the Columbia Power Corporation ($44 million) and the Columbia Basin Power Company ($27 million).

Chart 2



[1]Includes gross new borrowings plus changes in sinking fund balances, less debt maturities.

Reconciliation of Summary Financial Statements (Surplus) Deficit to Change in Taxpayer–Supported Debt and Total Debt for the Fiscal Year Ended March 31, 2002
(Unaudited)

	In Millions 2002	2001[1]
Taxpayer–Supported Debt	$	$
(Surplus) deficit for the year	1,233	(1,426)
Debt decreased by		
Non–cash expenses included in (surplus) deficit		(202)
Self–supported Crown corporation and agency contributions to the Consolidated Revenue Fund in excess of earnings	(484)	
Accounts receivable, accounts payable and other working capital net decreases	(130)	(848)
	(614)	(1,050)
Debt increased by		
Non–cash expenses included in (surplus) deficit	134	
Self–supported Crown corporation and agency earnings in excess of contributions to the Consolidated Revenue Fund		158
Prepaid capital advances	529	751
Tangible capital asset net acquisitions	842	1,196
Net increases in loans, advances and investments	53	188
	1,558	2,293
Net increase (decrease) in taxpayer–supported debt	2,177	(183)
Taxpayer–supported debt—beginning of year	24,998	25,181
Taxpayer–supported debt—end of year	27,175	24,998
Self–supported debt[2]	8,741	8,882
Total debt[3]	**35,916**	**33,880**

Reconciliation of Total Debt to the Summary Financial Statements Debt as at March 31, 2002
(Unaudited)

Total debt	35,916	33,880
Debt included as part of equity in self–supported Crown corporations and agencies	(241)	(263)
Contingent liabilities for debt of individuals and organizations that have been guaranteed by the province	(223)	(307)
Non–guaranteed debt attributable to minority shareholder of 552513 British Columbia Ltd (Skeena Cellulose Inc)		(27)
Summary Financial Statements debt	**35,452**	**33,283**
Comprised of		
Taxpayer–supported debt	26,952	24,664
Self–supported debt	8,500	8,619
	35,452	**33,283**

[1] Restated. See Note 26.

[2] See Summary of Provincial Debt, page 103.

[3] Total debt, as defined in the Debt Statistics report, includes debt of self–supported Crown corporations and agencies, and debt of individuals and organizations guaranteed by the province.

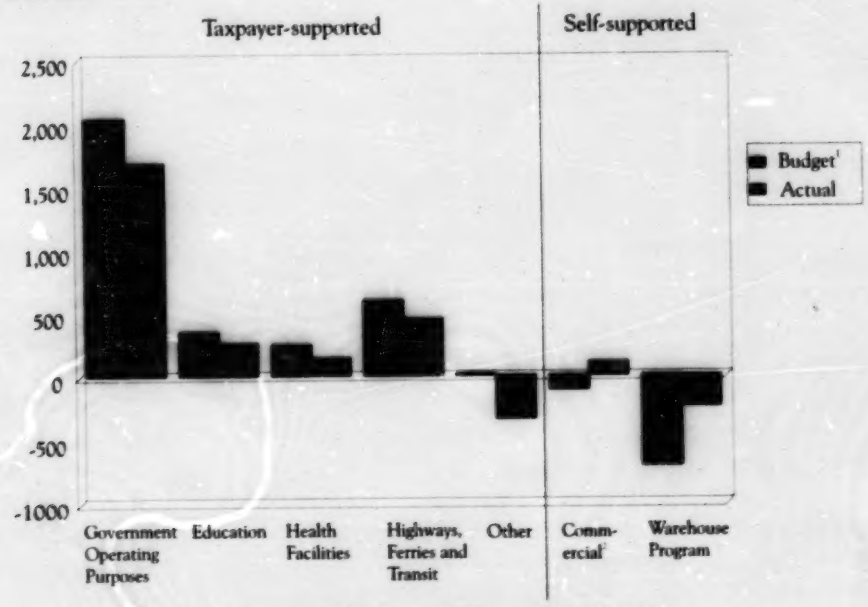
Change in Provincial Debt
Comparison to Budget
(Unaudited)

The change in provincial debt was $862 million less than originally budgeted (per the Economic and Fiscal Update presented on July 30, 2001, adjusted to reflect the restated Public Accounts balance at March 31, 2001). Chart 3 below shows the difference between the actual change in provincial debt and the budgeted change by major category. The change in taxpayer-supported debt was $1,045 million less than budget, offset by the change in self-supported debt which was $683 million higher than budget. In addition, the $500 million forecast allowance included in the budget was not required.

Taxpayer-supported Debt—The change was $1,045 million lower than budget due to reduced borrowing for government operating purposes and lower than forecast capital spending on education, health and transit infrastructure.

Self-supported Debt—The change was $683 million higher than budget due to the change in commercial Crown corporations debt which was $216 million higher than expected primarily as a result of the increase in British Columbia Hydro and Power Authority debt ($210 million) and a lower than forecast reduction in the Warehouse Program debt of $467 million, as a result of lower than projected government borrowing requirements in 2001/02. The borrowings under this program will be used to meet the financing requirements in 2002/03.

Chart 3
In Millions



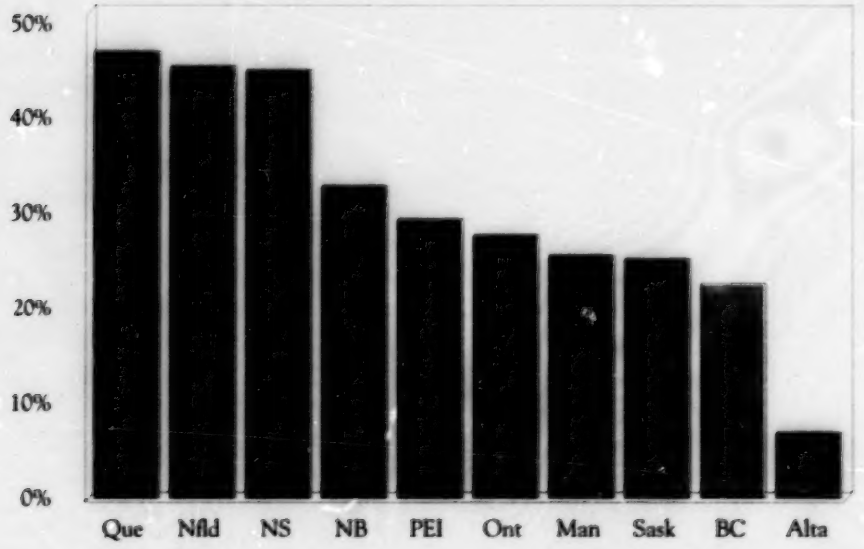
[1]Adjusted to reflect the restated Public Account balances at March 31, 2001.

Interprovincial Comparison of Taxpayer–supported Debt as a Percentage of Gross Domestic Product (Unaudited)

Chart 4 below shows the ratio of each province's taxpayer–supported debt as a percentage of their gross domestic product (GDP). The ratio of a province's taxpayer–supported debt relative to its GDP highlights the ability of a province to service its debt load. This rating is often used by investors and credit rating agencies when assessing a province's investment quality. British Columbia's taxpayer–supported debt ratio is one of the lowest in Canada and this translates into a strong credit rating and relatively low debt servicing costs. Chart 4 shows that, according to the Moody's Investors Service, British Columbia has the second lowest taxpayer–supported debt to GDP ratio of all provinces.

Chart 4

Percent of GDP, at March 31, 2002



Source: Moody's Investors Service, May 2002

More comprehensive information on the debt of the province and its Crown corporations and agencies is provided in the annual Debt Statistics report. This document is issued concurrently with the Public Accounts and provides more detailed information to assist the reader in assessing the province's debt position. This report is available on the Internet at: www.fin.gov.bc.ca.

Report of the Auditor General of British Columbia

ON THE SUMMARY OF PROVINCIAL DEBT, KEY INDICATORS OF PROVINCIAL DEBT, AND SUMMARY OF PERFORMANCE MEASURES

To the Legislative Assembly
of the Province of British Columbia

Preamble

Each year since 1995 the Auditor General has provided a special report to the Legislative Assembly on the accuracy of debt-related statements prepared by the Government. For the 2001/02 fiscal year these statements are the Summary of Provincial Debt, Key Indicators of Provincial Debt, and Summary of Performance Measures. Through these statements the Government reports on its debt management by presenting five years of information on provincial debt and debt indicators. In this report the Government has included the actual results of Performance Measures that it intends to monitor in the future. As such, I report on the actual baseline information for these Performance Measures for the fiscal year ended March 31, 2002.

Consistent with prior years, in these statements, and in budgets, the government reporting entity is that which is defined by the Canadian Institute of Chartered Accountants but excludes schools, universities, colleges and institutes, and health care organizations (SUCH sector). Accordingly, the provincial debt, whether directly borrowed or guaranteed by the Government, does not include amounts borrowed from private lenders by SUCH sector organizations. For the 2001/02 fiscal year, the outstanding balance of these excluded borrowings amounted to $580 million ($411 million for 2000/01).

The preparation of the three statements named above is the responsibility of the Government. My responsibility is to express an opinion on the accuracy of such information based on the above definition of the reporting entity and provincial debt.

. . . 2

Scope

I examined financial and other information included in the statements titled Summary of Provincial Debt for the five years ended March 31, 2002, Key Indicators of Provincial Debt for the five years ended March 31, 2002, and Summary of Performance Measures for the year ended March 31, 2002 in accordance with procedures I considered necessary in the circumstances. These procedures include the verification of financial information extracted from financial statements audited by myself or by other auditors whose work I have reviewed on a test basis. They also include confirming or assessing the reasonableness of the non-financial and statistical data used by the Government on the Province's credit rating, population and gross domestic product; however, I did not perform an audit of such data.

Opinion

As a result of applying these procedures, I am of the opinion that the information included in the statements titled Summary of Provincial Debt for the five years ended March 31, 2002, Key Indicators of Provincial Debt for the five years ended March 31, 2002, and Summary of Performance Measures for the year ended March 31, 2002 are, in all significant respects, consistent with the sources from which they are extracted, and are presented in a consistent manner.

Disclaimer

I have not been associated with the development of the Government plans to manage provincial debt, nor have I audited them. This is the responsibility of the government. My responsibility is limited to examining the information included in the statements specifically referred to in the above scope paragraph, based on the definition of the reporting entity and provincial debt as outlined in the preamble to this report.

Wayne Strelioff

Victoria, British Columbia
May 24, 2002

Wayne Strelioff, CA
Auditor General

Summary of Provincial Debt[1] as at March 31

In Millions

	2002	2001	2000	1999	1998
Taxpayer-supported Debt	$	$	$	$	$
Provincial government direct operating[2,3]	13,789	12,113	13,859	12,217	11,488
Education[4]					
Schools	4,092	3,880	3,609	3,261	2,990
Post-secondary educational institutions	1,425	1,383	1,369	1,336	1,362
	5,517	5,263	4,978	4,597	4,352
Health facilities[4]	1,920	1,780	1,451	1,282	1,417
Highways, ferries and public transit					
BC Transportation Financing Authority	2,514	2,197	1,843	1,433	1,089
British Columbia Ferry Corporation[3]	19	21	24	973	795
British Columbia Transit	79	75	79	59	1,579
Public transit[4]	936	948	952	987	
SkyTrain extension[4]	1,044	836	488	133	
Rapid Transit Project 2000 Ltd.	47	114	101	56	
	4,639	4,191	3,487	3,641	3,463
Other					
British Columbia Buildings Corporation	596	610	615	715	735
552513 British Columbia Ltd. (Skeena Cellulose Inc.)[5]		337			
Social housing[6]	299	265	205	183	175
Homeowner Protection Office	113	71	34	11	
Universities and colleges	114	124	130	137	144
577315 British Columbia Ltd. (Western Star Trucks Holdings Ltd.)			62		
580440 British Columbia Ltd. (Vancouver Trade and Convention Centre)[3]			3	29	
Local governments	8	8	9	10	10
Other[2,7]	180	236	348	382	367
	1,310	1,651	1,406	1,467	1,431
Total taxpayer-supported debt	27,175	24,998	25,181	23,204	22,151

Summary of Provincial Debt[1] as at March 31—Continued

	In Millions				
	2002	2001	2000	1999	1998
Self-supported Debt	$	$	$	$	$
Commercial Crown corporations and agencies					
British Columbia Hydro and Power Authority	6,863	6,852	6,945	7,474	7,234
British Columbia Railway Company	614	603	655	607	503
552513 British Columbia Ltd. (Skeena Cellulose Inc.)[5]			280	221	157
Columbia Basin Power Company[8]	120	93	94	94	95
Columbia Power Corporation	64	20			
British Columbia Liquor Distribution Branch	13	2	3	3	3
	7,674	7,570	7,977	8,399	7,992
Warehouse Program	1,067	1,312	1,320	658	212
Total self-supported debt	8,741	8,882	9,297	9,057	8,204
Total provincial debt	**35,916**	**33,880**	**34,478**	**32,261**	**30,355**

[1]Debt is after deductions of sinking funds and unamortized discounts, and excludes accrued interest. Government direct and fiscal agency debt accrued interest is reported in the government's accounts as an accounts payable. Figures for earlier years have been restated to conform with the presentation used in 2001/02.

[2]In fiscal 2001/02, there was a change in accounting treatment with respect to vehicle leases previously recorded as operating leases. These leases are now recorded as capital lease obligations and as a result government operating debt increased by $50 million in 2001/02 and has been restated as follows: 2000/01 ($44 million); 1999/00 ($26 million); and 1998/99 ($27 million). In addition, other taxpayer-supported debt has increased by $1 million in 2001/02, and has been restated by $1 million for each fiscal year from 1998/99 through 2000/01.

[3]Effective March 31, 2000, the provincial government assumed responsibility for the fiscal agency loans of the British Columbia Ferry Corporation ($1,080 million) and 580440 British Columbia Ltd. (Vancouver Trade and Convention Centre—$70 million).

[4]Represents government direct debt incurred for capital financing of education and health facilities and public transit infrastructure.

[5]Based on the outlook for world pulp prices and their potential impact on 552513 British Columbia Ltd. (Skeena Cellulose Inc.), the debt was reclassified as being taxpayer-supported in 2000/01. In fiscal 2001/02, the company's debt was assumed by the provincial government ($260 million) and by the minority shareholder ($94 million), as Skeena Cellulose Inc., was sold to the private sector.

[6]Includes debt of the British Columbia Housing Management Commission and the Provincial Rental Housing Corporation.

[7]Includes debt of the British Columbia Assessment Authority, Pacific Racing Association (fiscal agency loans), Victoria Line Ltd., student assistance loans, loans guaranteed to agricultural producers, guarantees issued under economic development assistance programs and the former British Columbia home mortgage assistance and second mortgage programs, and non-guaranteed debt of the British Columbia Securities Commission, Forest Renewal BC, Legal Services Society, Okanagan Valley Tree Fruit Authority, Pacific National Exhibition, Tourism British Columbia, Oil and Gas Commission and Land and Water British Columbia Inc. During the period 1995/96 to 1999/00, only an estimate for loan defaults had been included as government guarantees for student loans. Amounts have been restated to add the following guaranteed loans: 2000/01–$129 million; 1999/00–$224 million; 1998/99–$226 million; 1997/98–$187 million; 1996/97–$128 million; and, 1995/96–$53 million.

[8]Columbia Basin Power Company is a joint venture of Columbia Power Corporation and Columbia Basin Trust.

Key Indicators of Provincial Debt[1] for the Fiscal Years Ended March 31

	2002		2001	2000	1999	1998
	July 30 Update[2]	Actual	Actual	Actual	Actual	Actual
Debt to Revenue (percent)						
Total provincial	95.2	95.1	83.4	102.4	103.1	99.2
Taxpayer–supported	109.0	103.8	90.3	101.6	99.7	94.2
Debt per Capita ($)[3]						
Total provincial	8,972	8,769	8,347	8,559	8,071	7,665
Taxpayer–supported	6,885	6,635	6,159	6,251	5,805	5,594
Debt to GDP (percent)[4]						
Total provincial	28.2	27.5	26.6	28.6	27.9	26.5
Taxpayer–supported	21.7	20.8	19.6	20.9	20.1	19.3
Interest Bite (cents per dollar of revenue)[5]						
Total provincial	6.8	6.4	6.4	7.5	7.8	7.6
Taxpayer–supported	7.4	6.6	6.8	7.2	7.4	7.0
Interest Costs ($ millions)						
Total provincial	2,616	2,429	2,604	2,528	2,452	2,319
Taxpayer–supported	1,913	1,731	1,871	1,785	1,723	1,656
Interest Rate (percent)[6]						
Taxpayer–supported	7.2	6.6	7.5	7.4	7.6	7.6
Background Information						
Revenue ($ millions)						
Total provincial[7]	38,624	37,764	40,618	33,679	31,294	30,593
Taxpayer–supported[8]	25,898	26,183	27,690	24,784	23,285	23,525

Key Indicators of Provincial Debt[1] for the Fiscal Years Ended March 31—Continued

	2002		2001	2000	1999	1998
	July 30 Update[2]	Actual	Actual	Actual	Actual	Actual
Total Debt ($ millions)						
Total provincial	36,778	35,916	33,880	34,478	32,261	30,355
Taxpayer–supported[9]	28,220	27,175	24,998	25,181	23,204	22,151
Provincial GDP ($ millions)[10]	130,190	130,396	127,564	120,608	115,604	114,601
Population (thousands at July 1)[11]	4,099	4,096	4,059	4,028	3,997	3,960

[1]Figures for prior years have been restated to conform with the presentation used for ...02.
[2]Represents the forecast as presented in the Economic and Fiscal Update tabled July 30, 2001.
[3]The ratio of debt to population (e.g. 2001/02 debt divided by population at July 1, 2001).
[4]The ratio of debt outstanding at fiscal year end to provincial nominal gross domestic product (GDP) for the calendar year ending in the fiscal year (e.g. 2001/02 debt divided by 2001 GDP).
[5]The ratio of interest costs (less sinking fund interest) to revenue. Figures include capitalized interest expense in order to provide a more comparable measure to outstanding debt.
[6]Weighted average of the cost of all outstanding debt issues.
[7]Includes revenue of the Consolidated Revenue Fund plus revenue of all Crown corporations and agencies.
[8]Excludes revenue of commercial Crown corporations and agencies.
[9]Excludes debt of commercial Crown corporations and agencies and funds held under the province's Warehouse Program.
[10]GDP for the calendar year ending in the fiscal year (e.g. GDP for 2001 is used for the fiscal year ending March 31, 2002).
[11]Population at July 1st within the fiscal year (e.g. population at July 1, 2001 is used for the fiscal year ending March 31, 2002).

Summary of Performance Measures[1] Baseline Information for the Fiscal Year Ended March 31, 2002

	2002
	Actual
Provincial credit rating[2]	Aa2
Debt to GDP ratio[2]	2nd lowest
Debt service costs as a percentage of revenue[2]	2nd lowest

[1]New performance measures as presented in the Ministry of Finance Service Plan in February 2002.
[2]As per Moody's Investors Service Inc. The debt to GDP and debt service costs as a percentage of revenue performance measures represent inter–provincial comparisons.